DRIVING PERFORMANCE TO SUSTAIN OUR PURPOSE
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IBC Corporate information
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REPORT NAVIGATION
Our integrated report provides cross-references using these icons:

Related information can be found elsewhere in this report and in our environment and social supplementary report
Further information is available on PPC’s website, www.ppc.africa

BOARD APPROVAL
Our board, supported by the ARCC, acknowledges its duty to ensure that this report fairly and transparently portrays PPC’s performance during the year. Therefore, after applying their collective minds during the preparation and review of this integrated report, PPC’s board members believe that it complies with the International Integrated Reporting Council’s <IR> Framework (IIRC <IR> Framework). Furthermore, the board is of the opinion that this report faithfully represents all material issues, and presents a balanced and fair account of PPC’s performance in FY20. This accurately reflects our core strategic commitments, risks, opportunities and material matters that have, or could have, a material impact on PPC’s ability to create sustainable value for our stakeholders.

The board approved the integrated report on 8 October 2020 and will recommend it to the shareholders at the annual general meeting (AGM) to be held on 16 November 2020.

Director/Title Signature
Phillip Jabulani Moleketi Independent chair
Roland van Wijnen Chief executive officer
Anthony Charles Ball Executive director
Nonkululeko Gabado Independent non-executive director
Advocate Mojankunyane Gumbi Independent non-executive director
Noluvuyo Mkhondo Independent non-executive director
Todd Moyo Independent non-executive director
Charles Naude Independent non-executive director
Ronel van Dijk Chief financial officer
Mark Richard Thompson Independent non-executive director

STAKEHOLDER FEEDBACK
We encourage feedback on our integrated reporting suite. Kindly direct feedback to the Group Company secretary, Ms Kristell Holtzhausen, kristell.holtzhausen@ppc.co.za, on +27(11) 386 9562.
Details for obtaining copies of the integrated report are also available from our Group Company secretary.
Our integrated report aims to provide a concise, yet holistic, view of PPC’s operations across sub-Saharan Africa.

**REPORTING SCOPE**

This integrated report covers PPC’s financial and non-financial information for the year ended 31 March 2020 (referred to as FY20 throughout this report). The integrated report includes material information on how we performed against our strategic value drivers, operational performance, relationships with our stakeholders, governance practices, and material risks and opportunities. Any material events after 31 March 2020 and up to the date of approval by the board have also been included.

Our disclosure covers the financial and non-financial performance of all PPC’s:

> Cement business segments, which consists of cement manufacturing plants, milling facilities and sales depots split by the following geographical areas: South Africa and Botswana, the Democratic Republic of the Congo (DRC), Ethiopia, Rwanda and Zimbabwe
> Materials business segment, which consists of aggregate quarries, a lime manufacturing plant, ready mix concrete plants, and fly ash plants across South Africa and Botswana. PPC does not operate assets in the materials segment outside these geographies

Our ARCC, whose report is set out on page 78, provides internal assurance on an annual basis upon execution of the assurance plan.

**REPORTING BOUNDARY**

Our business model considers our strategy, stakeholders, material risks and external environment. In determining material risks and their impact, PPC followed a top-down and bottom-up process whereby the executives duly considered all factors that influenced the business.

Given the current operating environment in our respective regions, we used integrated thinking to drive performance to sustain our purpose. **We therefore consider the interconnectedness of the six capitals, as defined by the IIRC, and evaluate how this plays into the way we do business.** Ultimately, our purpose is to empower people to experience a better quality of life and reduce our negative impacts on the capitals to create sustainable value for our stakeholders.

Our FY20 integrated report explains the progress we made during the year, while also detailing our future priorities and focus areas. We define the six capitals, and detail our outcomes in this regard, in our business model on page 20.

**SIX CAPITALS**

- Financial capital
- Manufactured capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital
On behalf of the board, it is an honour to introduce our FY20 integrated report. This past year has presented PPC with the most challenging macro-environment it has faced since its beginnings 128 years ago. We experienced headwinds in all our regions, from the low economic growth and sovereign downgrade in South Africa – our dominant market – to the currency devaluation and hyperinflation in Zimbabwe, culminating in the global COVID-19 pandemic that hit Africa in early 2020.

While the contexts we operate in are challenging, we remain committed to delivering on our strategy, meeting the changing needs of our stakeholders and improving the lives of our communities.

Chair
Jabu Moleketi

Reflecting on FY20

PPC was not spared the macro-economic onslaught faced by all enterprises within our areas of operation during FY20. On behalf of the board, I would like to extend our gratitude and appreciation to the 3,293 men and women across the Group who responded daily to these challenges. It is thanks to your collective efforts that we continue to demonstrate the tenacity and resilience of our business.

From a leadership perspective, Mr Roland van Wijnen was appointed as chief executive officer (CEO) following the retirement of Mr Johannes Claassen. Furthermore, Ms Ronel van Dijk was appointed initially as interim chief financial officer (CFO) and, ultimately, CFO, to replace Ms Tryphosa Ramano. We welcome them to the leadership team and have already benefited from their passion, experience, and insights.

While we faced significant challenges, we continued to work to uphold our purpose of empowering people to experience a better quality of life. Among the significant challenges was the COVID-19 pandemic and the consequent lockdowns imposed by governments to curb the spread of the disease. We remain committed to our responsibility to ensure that the business is positioned to respond to difficult times and remain sustainable. As a business, we responded swiftly, and we continue to take all the necessary steps advised by the authorities to keep our employees and stakeholders safe, while we reflect on measures to address the financial and operational impact moving into FY21.

As part of our commitment to the future of PPC, we ensure that we manage the capital entrusted to us prudently and responsibly. Therefore, this year we embarked on an extensive capital refinancing and restructuring project, which will enable the Group to be sustainably capitalised and self-sufficient on a standalone basis across the regions where we operate. PPC has constituted a competent team led by Mr Anthony Ball as executive director, which comprises both internal experts and external advisers, to ensure that the outcome is in the best interest for all our stakeholders.

For details on our performance in South Africa and Botswana, refer to page 56.

For more information, refer to our material risks on page 27 or to our CFO’s review on page 46.
OUR INTERNATIONAL OPERATIONS

I truly believe that opportunities exist for suppliers, such as ourselves, who differentiate themselves by offering superior products and services, a belief validated by the segment’s performance in FY20. The positive operational results in Rwanda and the DRC partially offset difficult markets and competitive conditions in the other regions where we operate. In Zimbabwe, we had to navigate the effects of currency devaluation and hyperinflation. While we did face challenges in Rwanda – such as production bottlenecks – demand for cement remains high, and CIMERWA benefited from increased construction activity during the year. In August 2020, CIMERWA successfully listed on the Rwanda Stock Exchange. This forms part of the government’s strategy to sell its stake in the company. In the DRC, we are engaging with lenders to restructure debt and establish a more sustainable capital structure.

As mentioned, we bid farewell to our former CEO and CFO. The board thanks Mr Johannes Claassen and Ms Tryphosa Ramano for their service to the PPC Group. Advocate Mojankunyane Gumbi, who has provided invaluable insights during her tenure as an independent non-executive director, will be stepping down from the board at this year’s AGM, and will not avail herself for re-election. I speak on behalf of the entire board when I thank her for her contributions, and I wish her well in any future endeavours.

As we look ahead, we are ready and able to continue focusing on strengthening and, in some instances, redesigning our governance practices at every level of management to ensure we remain trusted and credible in the eyes of our stakeholders. I believe we have the right leadership in place to lead the Company effectively into the future.

OUTLOOK

Despite the significant challenges we faced, I am proud of our achievements over the past year – made possible only by the hard work of our employees across the continent. The determination of our business is captured in our brand promise – Strength Beyond – which describes our quality products, our committed teams and our dedicated leadership. I believe it is important to remember that our business, at its heart, is about building. As we look ahead, we remain committed to being a part of Africa’s growth – building our people, our communities and the continent we call home.

I believe that by leveraging the skills and expertise of our team, along with our solid asset base across multiple countries, will allow us to achieve our targets going forward. While market and economic challenges call for further cost reductions and optimisation, we will continue to provide world-class materials and solutions to the basic services sector, creating sustainable value for all our stakeholders.

We are especially mindful of the people who have been directly affected by COVID-19, and we wish them a speedy recovery. The disease has undoubtedly changed the world as we know it and will redefine business as usual. At the time of writing, the full impact on our future business activities is still unknown. However, what is clear is that PPC will continue to carefully assess the situation to remain resilient and agile in a world defined by a “new normal”.

NOTE OF APPRECIATION

On behalf of the board, I would like to thank all of our stakeholders for their support. To our employees, thank you for your commitment and resilience. We also extend our gratitude to our customers who are the lifeblood of our business, as well as to our shareholders, business partners and suppliers for their continued support.

We look forward to continuing to serve you in the year ahead.

Jabu Moleketi
Chair
8 October 2020
Since stepping into the role of CEO in October 2019, I have encountered a Company with a very clear purpose – empowering people to experience a better quality of life – supported by a commitment to doing what is right. We find ourselves at an important point in our long history and, over the past year, we constantly reminded ourselves of our humble beginnings in South Africa. While our expansion across the continent positioned PPC as a multinational, we will continue reinventing our business to adapt to our operating environments. I believe that by readjusting our support structures, using innovative technologies and focusing on cost-containment measures, PPC will remain a significant player in the development of Africa.

CEO
Roland van Wijnen

GOING BACK TO BASICS

During my first months as CEO, I have witnessed the passion of our employees and their commitment to PPC’s success while we navigate difficult economic and trading environments. During the year, part of our operations were impacted by a restructuring process – which affected the motivation levels of employees. However, I believe our people are well-tuned with the challenges we face as a business and remain committed to driving our purpose. Change is a constant and, as an organisation, we need to ensure that we keep ourselves focused, especially as we deal with full-time equivalent (FTE) reductions and other measures that could potentially impact our employees’ drive to move the business forward.

Overall, we are very much guided by our values and purpose of empowering people to experience a better quality of life. To this end, this year we aimed to revitalise the basics and consequently evaluated the fundamentals of performance management, our policies, procedures, controls and governance processes. Our aim of continuing to be one of the leading producers of quality basic building materials and related services on the continent, supported by our commitment to environmental performance and the protection and empowerment of people, are encapsulated in our strategy.

PPC presents a unique investment opportunity – characterised by our geographical portfolio and forward looking and stable basis in South Africa, combined with relatively new assets. Going forward, PPC will look to extend its portfolio and evolve into a market leader in a number of countries across sub-Saharan Africa, doing what it has been doing over the past 128 years in South Africa – which is truly improving people’s lives.

To further strengthen the investment opportunity PPC offers, we are addressing key issues relating to the debt of some of our operations. We endeavour to ensure that each country in which we operate has a solid balance sheet and capital structure that is not dependent on that of the Group. We have therefore embarked on a complex refinancing and restructuring project, which will be implemented over the course of FY21 and support the sustainability of the Group going forward.

For more information, refer to our material risks on page 27 or to our CFO’s review on page 46.

More information on page 32.
KEY DEVELOPMENTS
Throughout FY20, we found ourselves in a tough operating context. We anticipated the downturn in South Africa, whereby South African producers like PPC were further impacted by competitors that produce cement below the defined quality standards, or those that import cement from countries that do not follow the same labour and environmental laws as South Africa.

The increase in our cost base, along with economic returns across the industry that are below the cost of capital, made it necessary for PPC to implement price increases. This, however, came at the expense of volume, which we imperceptably. We were unable to sustain our employee levels throughout the year as imports and reduced demand placed pressure on our operations. The threat from cheap, low-quality imports continues to weigh heavily on the sector, and we continue to look to government to take the necessary steps to protect employment and economic growth in South Africa.

Our operating context was put under additional pressure from the currency crisis and related demand constraints in Zimbabwe. However, our management team in Zimbabwe took swift action to safeguard the business. During the year, we moved from cost and revenue management to sharpen our focus on cash management – we will continue these efforts over the next financial year.

The COVID-19 pandemic had an unavoidable impact on our business. Even before the lockdowns imposed in the regions where we operate, we implemented several measures to reduce the risk to and protect our employees and business partners, and keep the business going. During the first month of the lockdown in South Africa, sales reduced significantly, with only limited sales from PPC Lime. As we transitioned from level 5 to level 3, our operations could resume within the guidelines issued by the government.

Internationally, Zimbabwe and Rwanda resumed operations earlier than South Africa. In Zimbabwe, we already anticipated a reduced demand due to the ongoing economic crisis in the country. Our business in Rwanda has returned to similar levels as last year after the lockdown in April. Our operations in the DRC continued to operate at similar levels to FY19, however, still slightly lower than what we anticipated prior to COVID-19.

Group revenue decreased in FY20, from R10 494 million in FY19 to R10 241 million. The contribution from our South Africa and Botswana segment decreased by 10% to R6 837 million (FY19: R7 583 million), while revenue from our international segment decreased by 41% to R3 404 million, an 17% increase from the previous year (FY19: R2 911 million). Group EBITDA decreased by 18% to R7 604 million (FY19: R1 946 million) at a margin of 15.7% (FY19: 18.7%).

(A) For more information on our performance, refer to our operational reviews on pages 56 to 69.

A COMMITMENT TO DOING THE RIGHT THING
I believe what sets PPC apart is that we do not just say we are a good corporate citizen, but we demonstrate this daily. To truly shine, we cannot merely tick the boxes required by regulators. Instead, it is driven through embedding our core values in the way we do business. As much as we are ensuring the proper structures are in place to comply with all relevant regulatory requirements, it is critical that we know we are inherently making the right decisions or taking the right action to ensure sustainable long-term returns for our shareholders.

A RESPONSIBLE MARKET LEADER
We are in a unique position to benefit from the growth across Africa. Looking ahead, we will further implement cost-reduction measures and operational improvements throughout our business and, by reducing our fixed costs, PPC will have the flexibility to react faster to market cycles. Our international segment remains our biggest income stream and growth generation. By the end of FY21, our capital restructuring project will be finalised, ensuring that PPC is optimally capitalised with the right debt-to-equity ratio on a country-to-country basis.

We recognise that the production of cement has unavoidable impacts on the environment, although the use of concrete in the building environment has numerous advantages when compared with alternative products. We are committed to being a leader in environmental performance across Africa and, to this end, we are aiming to increase the use of alternative fuels in our manufacturing processes to reduce our dependency on coal. For this, we are working with governments to stimulate these so-called waste streams in the regions where we operate.

More than the above, I believe that PPC is at the forefront of using innovative technologies to produce cement with reduced carbon intensity. During FY21, we will explore these opportunities further and test their viability for our business.

While our outlook is uncertain, we have always strived to make our operations resilient and recession-proof. We believe that our focus on cash-generation will ensure that the business remains sustainable and competitive, with the ability to improve the quality of people’s lives.

APPRECIATION
It is important to acknowledge that our customers make it possible for us to be and remain in business. Looking forward, I believe that we have a unique opportunity to grow along with our customers as we continue to support entrepreneurial development across Africa.

I want to thank our employees for the welcome they extended to me when I joined the Company in October. I am extremely grateful for their work and dedication to PPC over the past 12 months, as well as their willingness to stand shoulder to shoulder as we continue to see the business evolve.

Finally, my thanks go to our board of directors, whose support and commitment will drive PPC in our pursuit of delivering on our purpose and meeting our strategic objectives.

Roland van Wijnen
CEO
8 October 2020
In FY20, CIMERWA continued to support the local tailoring cooperative (TTCM) in Rwanda by investing Rwf5 million. With the support of CIMERWA, the TTCM’s membership increased from 20 underprivileged and vulnerable women in 2015 to 62 members in FY20. CIMERWA’s investment will empower women with the necessary business training to manufacture staff overalls and school uniforms in a fully equipped workshop with electricity and sewing machines.

At least 298 girls, who had dropped out of school, have completed the TTCM tailoring course, which also raises awareness of the dangers of early pregnancy and the importance of protection from HIV/AIDS. All of the girls have remained members of the cooperative, while some have also started their own businesses. This has not only relieved the pressures on once poverty-stricken families, but has also served as a major milestone in Rwanda’s fight against poverty.

Members of TTCM earn between Rwf30 000 to Rwf60 000 a month within their communities, and reinvest their earnings in new equipment, including a Rwf3 million embroidery machine used to place name tags and badges on clothes, as well as a public address system hired by event organisers.

By investing in income-generating activities, the project will become fully independent in the future and benefit more people across the country.
PPC AT A GLANCE

PPC can trace its beginnings back 128 years to the outskirts of Tshwane (formerly known as Pretoria), South Africa. Incorporated in 1892 as the first cement manufacturer in South Africa, we have extended our reach across sub-Saharan Africa over the years as a resilient organisation adapting and responding to changes in various operating environments.

OUR GROUP OVERVIEW

<table>
<thead>
<tr>
<th>Cement capacity replacement value</th>
<th>11,6mtpa capacity (cement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R36,0 billion at US$230 per annualised tonne</td>
<td>27 readymix plants (100 000m³ capacity per month)</td>
</tr>
<tr>
<td>Five aggregate quarries (3,1mtpa)</td>
<td>One lime factory (1,0mtpa)</td>
</tr>
<tr>
<td>Seven integrated cement plants and seven grinding stations</td>
<td>Two fly ash plants (750ktpa)</td>
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</table>

SNAPSHOT OF PPC

WHAT WE DO
PPC is an iconic material and solutions provider of quality and consistent cement, aggregates, metallurgical-grade lime, burnt dolomite, limestone, readymix and fly ash. We also provide technical support to our customers.

OUR PURPOSE
To empower people to experience a better quality of life.

OUR VISION
To be a company that provides world-class materials and solutions into the basic services sector while creating sustainable value for all stakeholders.

STRENGTH BEYOND

We strive for the utmost quality in everything we do – we believe that investing in the present will create a better future for all. This purpose is encapsulated in our brand promise of Strength Beyond. Our promise of Strength Beyond is guided by our Group values that are embedded throughout our operations.

It is the strength of our name and our promise to our customers, stakeholders, employees and communities.

It is the strength of our guarantee – the integrity placed behind every purchase and every interaction, and the knowledge that, when you buy a PPC product, you too place your trust and name on our word.

It is the strength of our purposeful and sustainable partnerships with like-minded organisations that will foster growth in our environment and help improve our societies.

It is the strength of our people to go beyond to provide support beyond the ordinary and take an active role in helping our stakeholders reach their full potential and transform their societies.
OUR VALUES

Over the years we have proven that we are a business dedicated to perfecting the science behind our products – cement, aggregates, lime, readymix, fly ash, burnt dolomite and limestone.

We believe in empowering people to experience a better quality of life. Therefore, we built a business that connects communities across the African continent, improving the societies and environment we operate in.

We always do the RIGHT thing
We hold each other accountable and always act with integrity

We strive for EXCELLENCE in all we do
We strive for excellence in all we do

Our PEOPLE are our strength
We value our people and recognise that each one of us is essential to our success

We have PASSION for winning
We inspire each other with our positive attitude and energy as we strive to be the best

We are CUSTOMER focused
Our customers are at the heart of all we do and we exceed their expectations every time

COMPANY LEGAL STRUCTURE
Chapter 2: OVERVIEW OF PPC

Board of directors

PHILLIP JABULANI MOLEKETI
Independent chair
Qualifications 
MSc, Postgraduate diploma (economic principles), AMP
Appointed March 2018
Areas of expertise and contribution
Stakeholder relationships, finance and economics – previously held the position of Deputy Minister of Finance from 2004 to 2008
Other directorships
Brait South Africa Holdings, Lebashe Investment Group, Remgro, Vodacom Group and Harith General Partners

ANTHONY CHARLES BALL
Chief executive officer (CEO)
Qualifications
MSc: Industrial engineering, Venture capital and private equity, senior management and leadership (IMD), General Manager Programme
Appointed October 2019
Areas of expertise and contribution
Strategy, project and financial management, acquisitions, restructuring, customer management, supply chain, manufacturing, international trading and shipping, back-office optimisation, and employee engagement

NONKULULEKO GOBODO
Independent non-executive director (NED)
Qualifications
CA(SA), BCom (Hons), MPhil (management studies)
Appointed March 2018
Areas of expertise and contribution
Business building, investment skills, strategy and leadership, financial management, governance and compliance, economics and stakeholder relationships
Other directorships
The Reclamation Group, Value Capital Partners, Allied Electronics Corporation, Real Foods and NET1 Applied Technologies South Africa

ADVOCATE MOJANKUNYANE GUMBI
Independent NED
Qualifications
LLB, BProc, Certificate in Trial Advocacy
Appointed April 2018
Areas of expertise and contribution
Political strategy, public policy, human rights and conflict resolution, leadership, governance and compliance, and stakeholder relationships
Other directorships
Moja Capital, Lexis Nexis, Mojanku Gumbi Advisory Services

As at 31 March 2020, Anthony Ball was an independent director. However, he was appointed as an executive director on 18 June 2020.

Advocate Mojankunyane Gumbi will retire as an independent NED at our FY20 AGM.
**KRISTELL HOLTZHAUSEN**

**PPC Group Company secretary**

Qualifications  
CIS, postgraduate company secretarial and governance practice diploma (CGISA)  
Appointed June 2019

Areas of expertise and contribution  
Company secretarial practice, corporate governance, risk management and compliance

Other directorships  
CIMERWA

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**NOLUVUYO Mkhondo**

35

**Independent NED**

Qualifications  
CAISA, BAcc, MBA  
Appointed March 2018

Areas of expertise and contribution  
Investment banking and corporate finance, mergers and acquisitions, investment evaluation, strategic long-term financial planning and cross-border transactions

Other directorships  
Novus Holdings, Value Capital Partners, Metair Investments

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**TODD MOYO**

62

**Independent NED**

Qualifications  
BAcc (Hons), CA(Z), CA(SA), RPA(Z), PMCSZ  
Appointed November 2013

Areas of expertise and contribution  
Several economic sectors and disciplines, including production, sales and marketing, information technology, strategic development and management

Other directorships  
PPC Zimbabwe, Dat Labs, Delta Corporation and National Foods

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**CHARLES NAUDE**

64

**Independent NED**

Qualifications  
BSc (Hons) (geology, chemistry), MBL  
Appointed January 2015

Areas of expertise and contribution  
Cement and materials, strategy, leadership, health and safety, risk and opportunity management, sales and marketing, and project management

Other directorships  
Burger King South Africa (RF), Adcorp Holdings, Grand Parade Investments and development board member of Early Care Foundation.

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**RONEL VAN DIJK**

48

**Chief financial officer (CFO)**

Qualifications  
CAISA, BCom, LLB, BAcc  
Appointed May 2019

Areas of expertise and contribution  
Corporate governance, internal controls and risk management, strategy development and implementation, and leadership development

Other directorships  
Burger King South Africa (RF), Adcorp Holdings, Grand Parade Investments and development board member of Early Care Foundation.

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**MARK RICHARD THOMPSON**

67

**Independent NED**

Qualifications  
CAISA, BCom, LLB, BAcc  
Appointed May 2019

Areas of expertise and contribution  
Private equity, industry and construction, as well as international finance and general business capabilities from his previous work experience

Other directorships  
Rockwood Private Equity, Sasfin Bank, Sasfin Holdings, The Poliomyelitis Research Foundation, Hudaco Industries

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**Board diversity (%)**

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<tr>
<th></th>
<th>SA white male</th>
<th>SA white female</th>
<th>SA black male</th>
<th>SA black female</th>
<th>Foreign national</th>
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(1) Ms Ronel van Dijk was appointed as interim CFO on 1 November 2019. Her contract was then extended to 31 July 2020. She became CFO on 1 August 2020.
PPC’s executive committee

Managing director (MD): South Africa and Botswana (excluding PPC Lime)

Qualifications
MBA, National diploma (chemical engineering)

Appointed November 2015

Areas of expertise and contribution
Engineering and technical expertise, operations management and strategic leadership in international segments

Other directorships
PPC Cement SA, PPC South Africa Holdings

Ronel van Dijk
CEO

Refer to page 10 for Mr van Wijnen’s qualifications, date of appointment, areas of expertise and directorships.

Roland van Wijnen
CEO

Qualifications
MBA, BA (social science)

Appointed October 2017

Areas of expertise and contribution
HR

Other directorships
CIMERWA

Phindokuhle Mohlala
Group human resources (HR) executive

Qualifications
MBA, BA (social science)

Appointed October 2017

Areas of expertise and contribution
HR

Other directorships
CIMERWA

Mokate Ramafoko
MD: International

Qualifications
BSc, BSc (Hons) (metallurgy), MBA

Appointed February 2018

Areas of expertise and contribution
Cement manufacturing, quality assurance and cement process optimisation industries

Other directorships
PPC Barnet DRC Holdings, PPC International Holdings, PPC Zimbabwe and CIMERWA

Chapter 2: OVERVIEW OF PPC

PPC Integrated report 2020
Building construction site in South Africa
FOOTPRINT ACROSS SUB-SAHARAN AFRICA

PPC has a well-developed portfolio in growing markets across sub-Saharan Africa, which allows us to respond to the ever-changing economic, operational and political environments.

For our detailed operational review, refer to pages 54 to 69.
SOUTH AFRICA
- Managing director (RSA): Njombo Lekula
- Executive (PPC Lime): Con Schoombie
- Head (Inland): Bheki Mthembu
- Head (Coastal): Johan Vorster
- Head (Materials): Dave Miles

2 299(1) Employees
58,8 million Estimated population (2019)(2)
2,1% Urban population growth (annual %) (2019)(2)
4,0% Forecast GDP growth (2021)(3)
229 Cement consumption per capita

ZIMBABWE
- MD: Kelibone Masiyane

419 Employees
14,9 million Estimated population (2019)(2)
1,4% Urban population growth (annual %) (2019)(2)
2,5% Forecast GDP growth (2021)(3)
72 Cement consumption per capita

DRC
- MD: Iqbal Omar

152 Employees
97,9 million Estimated population (2019)(2)
4,5% Urban population growth (annual %) (2019)(2)
3,5% Forecast GDP growth (2021)(3)
35 Cement consumption per capita

BOTSWANA
- General manager: Tuelo Batshole

419 Employees
2,4 MILLION Estimated population (2019)(2)
3,2% Urban population growth (annual %) (2019)(2)
6,8% Forecast GDP growth (2021)(3)
261 Cement consumption per capita

RWANDA
- CEO: Albert Sigei

286 Employees
12,4 MILLION Estimated population (2019)(2)
3,2% Urban population growth (annual %) (2019)(2)
6,7% Forecast GDP growth (2021)(3)
43 Cement consumption per capita

ETHIOPIA
- CEO: Ghassan Broummana

563 Employees
97,2 MILLION Estimated population (2019)(2)
4,8% Urban population growth (annual %) (2019)(2)
4,3% Forecast GDP growth (2021)(3)
84 Cement consumption per capita

---
(1) Includes employees employed by Pronto, 3Q, and Ulula Ash.
(2) Source: International Monetary Fund, The World Bank.
(3) Source: IMF World Economic Outlook Database, April 2020.
(4) Habesha is not consolidated in the PPC financial statements.
A FOUNDATION FOR A SOLID INVESTMENT CASE

Over the years, PPC has established a sustainable competitive advantage in the regions where we operate. Our focus on our FY20 strategic value drivers – financial strength, operational efficiency, human capital management and our customer value proposition – has allowed us to leverage our extensive footprint across sub-Saharan Africa to create value for our stakeholders.

Footprint across sub-Saharan Africa

We have a well-developed portfolio in growing markets across sub-Saharan Africa. Our integrated plants and depots serve key markets, allowing us to deliver products to our customers at a low cost through optimal sourcing.

Our footprint also offers PPC opportunities to invest in the communities surrounding our operations and enable economic progress for the people who live there – ultimately helping them experience a better quality of life.

World-class asset base

We focus on building a world-class asset base with the best environmental performance.

PPC has a strong cement delivery footprint across South Africa and Botswana – our mega plants are located in prime locations to serve the market with connections to grinding stations to optimise the costs to serve the market and extend our product range.

Internationally, our expansion into Zimbabwe, Rwanda, the DRC and Ethiopia was the result of our strategic priority to diversify the business. We have built a quality asset base that provides a range of products that cater to all customer needs.

<table>
<thead>
<tr>
<th>Plant</th>
<th>Slurry</th>
<th>Dwaalboom</th>
<th>De Hoek</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity</td>
<td>2.0mtpa</td>
<td>2.0mtpa</td>
<td>1.2mtpa</td>
</tr>
<tr>
<td>Technology</td>
<td>Six-stage pre-heater ILC and grate cooler</td>
<td>Six-stage pre-heater ILC and grate cooler</td>
<td>Four-stage pre-heater ILC and grate cooler</td>
</tr>
<tr>
<td>Operating efficiency</td>
<td>****</td>
<td>****</td>
<td>***</td>
</tr>
</tbody>
</table>

Internationally, our expansion into Zimbabwe, Rwanda, the DRC and Ethiopia was the result of our strategic priority to diversify the business. We have built a quality asset base that provides a range of products that cater to all customer needs.

<table>
<thead>
<tr>
<th>Country</th>
<th>Zimbabwe</th>
<th>Rwanda</th>
<th>DRC</th>
<th>Ethiopia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant</td>
<td>Colleen Bawn</td>
<td>CIMERWA</td>
<td>Barnet</td>
<td>Habesha</td>
</tr>
<tr>
<td>Capacity</td>
<td>1.4mtpa</td>
<td>0.7mtpa</td>
<td>1.2mtpa</td>
<td>1.4mtpa</td>
</tr>
<tr>
<td>Technology</td>
<td>Four-stage pre-heater ILC and grate cooler</td>
<td>Five-stage pre-heater ILC and grate cooler</td>
<td>Five-stage pre-heater ILC and grate cooler</td>
<td>Five-stage pre-heater ILC and grate cooler</td>
</tr>
<tr>
<td>Operating efficiency</td>
<td>****</td>
<td>****</td>
<td>****</td>
<td></td>
</tr>
</tbody>
</table>

For more information on our operational performance, refer to pages 56 to 68.
**OUR PEOPLE**

PPC aims to attract people to complement our already experienced team. We recognise that every employee is critical for the success of our business. We:

- Embrace diversity
- Collaborate
- Trust each other
- Support learning and development

For more information on our people, refer to our environment and social supplementary report.

**WORLD-CLASS PRODUCT**

<table>
<thead>
<tr>
<th>SUREWALL</th>
<th>SURECEM</th>
<th>SUREBUILD</th>
<th>SURECAST</th>
<th>SURETECH</th>
<th>SUREROAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masonry cement designed for plaster and mortar</td>
<td>Early strength cement designed for concrete, mortar, plaster and bricks</td>
<td>Premium multi-purpose cement for general building and civil construction</td>
<td>High early strength cement designed for precast products</td>
<td>Superior high strength specialist cement</td>
<td>Cement for road stabilisation</td>
</tr>
</tbody>
</table>

Across our diverse portfolio, our operations are at different stages of their economic cycles. We prove to be resilient in difficult economic times, continuing to generate sustainable value for our stakeholders. We do this by offering our customers consistent products of good quality across the materials value chain. We perform more than 230 000 hours of quality control every year.

For more information on our financial performance, refer to our chief financial officer’s review on page 46.

**PORTFOLIO EFFECT**

We strive to focus on strengthening our position as the foremost provider of construction materials in southern Africa and internationally.

In complex and challenging operating environments, our international segment is delivering good results.

- In Zimbabwe, we aligned pricing with local inflationary increases
- Rwanda on track to reach nominal capacity in the next 18 months
- Introduced SUREMIX products (dry mortar and dry concrete) to the Kinshasa market, DRC
- Habesha implemented a turnaround strategy
SOUTHERN AFRICA

COASTAL ROGGEVELD WIND FARM PROJECT

PPC is proud to be a supplier to the Roggeveld wind farm project in the Western Cape, where local communities – approximately 40km away in Matjiesfontein, Laingsburg and Sutherland – will benefit from during and after construction.
PPC is supplying 2,100t of 52.5 bulk OPC and 4,900t of corex slag for the construction of the 147MW renewable energy plant. At least 48.0% (R2.1 billion) of the R4.4 billion project costs will be invested locally, according to the Development Bank of Southern Africa.

Construction of the wind farm began on 16 April 2019 and is due to be completed on 31 May 2021. Upon successful completion, on time and within budget, the 25-month project will contribute approximately 555,000 MWh a year of clean energy to the national grid.

Apart from the economic contributions on local, regional and national levels, the positive socio-economic impact of this project includes skills transfer and the employment of approximately 386 people. Furthermore, the civil engineering works, which includes upgrading of the existing gravel road, will employ 171 local residents over a 14-month period.
**How We Create Value for Stakeholders**

**Strategic Focus:** As we navigate an increasingly complex operating environment, embedding integrated thinking into our business has become more important than ever. The interconnectedness of the six capitals impacts the way we do business and, ultimately, drives our performance to sustain our purpose. Our business model is shaped by our strategy, stakeholders, material risks and external environment.

**Inputs**

- **Social and Relationship Capital**
  At PPC, we consider our customers, communities, suppliers and other stakeholders as business partners. By being dynamic and responsive, we can strengthen our relationships with our communities and invest in meaningful initiatives that advance customer excellence and supplier experience. Being a responsible corporate citizen is part of our DNA.

- **Human Capital**
  Our people are our strength. We empower them by creating a safe, healthy, rewarding and meaningful working environment that allows us to deliver on our purpose. With a personal growth and performance-driven mentality, PPC creates opportunities and provides resources to our employees that enable them to commit to the success of PPC.

- **Intellectual Capital**
  We understand that constant innovation is critical to delivering quality products and services at the lowest possible cost. Hence, consistent product and process improvements help us enhance the way we do business – improving environmental impacts, operational efficiencies and reducing the cost of production.

- **Financial Capital**
  We actively manage the pool of funds entrusted to us by our shareholders and lenders, diligently allocating and investing these funds in a way that enhances our financial processes and disciplines to support our operations and create value for all our stakeholders.

- **Natural Capital**
  Our commitment to operating a sustainable business includes our efforts to reduce the impact we have on the environment in the regions where we operate. The nature of our business is such that we depend on certain natural resources, and we are ensuring that we use these resources responsibly. We remain focused on reducing carbon footprint, managing air quality and water resources, as well as proactive land and resource stewardship.

- **Manufactured Capital**
  Our manufactured capital refers to our assets. Plants, factories and quarries are an essential part of our business. We have systematically invested in our property, plant and equipment to take advantage of growth opportunities and to identify areas with potential for expansion. We remain focused on improving efficiencies and maintaining our infrastructure as an ongoing priority.

**Business Activities**

**How We Create Value**

As a leading multinational producer of materials and solutions across sub-Saharan Africa, we deliver quality products and technical services to our customers by focusing on the following elements:

- **Our Unique Footprint** – high growth, low consumption per capita market with increasing urbanisation
- **Innovative Technologies** – modern asset base and world-class technical capabilities
- **Environment Impact** – actively seeking to minimise the adverse impact of our operations on the environment

For more information on our strategic value drivers going forward, refer to page 32.
Balancing financial capabilities with employment/Balancing financial and human capital

Over the past year, we endeavoured to stabilise the performance of our core operations and protect our financial viability as we position the Group for future growth. We embarked on a restructuring process of our South African segment to align the business with our operational requirements, ensuring the sustainability of the Group. Unfortunately, this process affected a number of our full-time employees across the country. Going forward, we will also take into consideration the impact of the COVID-19 pandemic on our business, and how this will affect our human capital.

Weighing up short-term needs with long-term sustainability/Balancing future investment with short-term needs/Balancing financial and manufactured capital

We understand the importance of balancing short-term performance with long-term growth. Given the tough economic environment we find ourselves in, and the potential impacts of COVID-19 going forward, we made the decision to reduce our expansionary capital expenditure to preserve cash flow and safeguard the business as we head into the future.

Balancing stakeholder expectations with financial sustainability/Balancing financial and social and relationship capital

PPC resolved not to declare a dividend for FY20. We did not take this decision lightly, and took into consideration the expectations of our stakeholders, along with the importance of preserving the liquidity and solvency of the business. This is a delicate balance, and the board is satisfied that this was the right decision for the Group.

For more information on the value we created for our stakeholders, refer to page 20.
During our strategic review process, we considered those factors that could impact our business over the short, medium and long term. We have grouped these factors into five broader themes, and explain below trends that shape these themes, as well as our responses.

**EXTERNAL ENVIRONMENT**

**COMPLEX REGULATORY ENVIRONMENT**
As a multinational, PPC is exposed to complex and ever-changing legislation in the regions where we operate.

Cross-border regulators and regulatory uncertainty have elevated the importance of stakeholder engagement.

**ECONOMIC CONDITIONS IN THE COUNTRIES WHERE WE OPERATE**

Consumer demand for cement and associated products is strongly driven by GDP growth and stage of economic development, which differ from country to country.

Subdued investment sentiment is weighing down economic activity, which is further exacerbated by policy uncertainty, subdued business confidence and rising construction costs.

Unavailability of foreign currency in certain of our markets also created operational headwinds.

For more information on COVID-19 and the impact thereof on PPC, please refer to page 38.

IMPORTS AND BLENDER ACTIVITY

Increases in cement imports contribute to difficult operating environments in regions with sufficient local capacity, such as the regions where PPC operates (except for Rwanda), mainly due to:
> Destroying local value creation, employment and community upliftment
> Generating an outflow of hard currency (US dollar), which can be avoided
> Opening the risk to low-quality cement entering the market, as quality controls do not follow the same process as local producers

In some regions, such as the Democratic Republic of the Congo (DRC), restrictions are in place to prevent cement imports into the country.

In other regions, such as South Africa, the government has yet to implement measures on all imported cementitious products to stop the destruction of value.

Cement imports increased by 36% to 1.3 million tonnes from April 2019 to March 2020, compared with the similar period in the previous year.

Blender activities and the output of substandard product remains a major concern, especially in low-margin markets such as South Africa, and stricter regulations need to be imposed.

The growth in capacity of third-party blenders detracts from market-related pricing.

The difficulty in achieving sustainable pricing and business growth can, over time, affect the number of job opportunities available in the industry.

SOCIAL LANDSCAPE

Changes to our social environments could adversely affect customer demands for our product, disrupt operations and increase the cost of compliance.

Compliance with the South African mining charter and similar legislation in other jurisdictions is necessary to maintain our social licence to operate.

THE IMPACT OF CLIMATE CHANGE

According to the World Economic Forum(3), the top five risks in terms of likelihood facing the world in 2020 are all environmental.

Emissions such as carbon dioxide (CO₂) and Particulate Matter, NOₓ and SO₂ are inherent and inevitable in our manufacturing processes.

A carbon tax was introduced in South Africa during 2019.

Our operations are located in regions that differ in terms of availability and supply of natural resources.

Alternative fuel systems, such as waste or tyre co-processing, are not yet viable options in all the regions where we operate.

The function of stakeholder management within PPC is twofold – firstly, to understand and proactively respond to legitimate stakeholder concerns and, secondly, to ensure effective governance across the Group.

Stakeholder management is an integral part of decision-making and accountability. Our stakeholder engagement aims to provide the key principles by which PPC interacts with all stakeholders. We believe that effective and proactive stakeholder engagement is critical in sustaining our operations throughout the value chain and in defending our position in the market. It is therefore imperative that we engage with stakeholders on the right levels to deliver on our strategic objectives.

Our stakeholders fall into four categories: government, regulators, industry bodies and other interested parties.

Stakeholder engagement is a deliberate and ongoing process. We continue to improve our stakeholder framework across all areas of our business to proactively and effectively manage our relationships. This year, we started to capture the details of our engagements with stakeholders on our Group safety, health, environment, risk and quality (SHERQ) system to keep a record thereof. Cognisant of the iterative nature of stakeholder relations, we continue to explore other internal and external platforms to streamline our engagement process further.

Further, we developed country-specific stakeholder frameworks for our Zimbabwean and Rwandan operations during the year, and aim to do the same for the DRC and Ethiopia during FY21. Until then, these two countries follow the engagement principles included in our Group framework. Our operations in Zimbabwe and Rwanda also hosted a series of stakeholder engagement workshops during the year.

We will continue to engage with our stakeholders openly, inclusively and transparently to enhance our working relationships. Our engagements, which are prioritised in terms of our strategy, ultimately aim to create shared value for our stakeholders in line with our promise of Strength Beyond.
<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Why These Stakeholders Are Important to Us</th>
<th>How We Create Value for These Stakeholders</th>
<th>Examples of Specific Actions in FY20</th>
</tr>
</thead>
</table>
| Shareholders and lenders              | Shareholders and lenders provide the capital we need to operate our business, and expect sustainable returns on their investments over the long term. To be credible in the eyes of these stakeholders, we need to achieve positive financial results under the guidance of strong leadership. | › Regularly engage with shareholders at interim and final result presentations, roadshows and meetings  
 › Attend investor conferences  
 › Engage with lenders across the Group  
 › Submit covenant compliance reports as required  
 › Engage with rating agencies  
 › Implement and deliver on our strategy  
 › Made changes to our leadership team  
 › Refined our strategy to get us where we want to be  
 › More information on page 32  
 › Revamped our governance and risk management processes  
 › Lobbied and engaged with lenders on the change in functional currency in Zimbabwe, which impacted our ability to meet debt obligations  
 › Reviewed and approved covenant compliance checklists in Zimbabwe  
 › In Rwanda, conducted an annual insurance risk survey and identified mitigating actions  
 › Continued to engage with the International Finance Corporation and the Eastern and Southern African Trade and Development Bank with regard to PPC Barnet’s funding  
 › For more information on our financial performance, refer to our CFO’s review on page 46. |                                                                                                                                                                                                                                                                 |
| Government and regulators             | Constructive relationships with key government departments in the regions where we operate are critical to our success. We monitor any policy and regulatory developments closely and submit comments directly or through the relevant industry bodies. | › Engage with regulatory authorities in the regions where we operate  
 › Participate in conferences, roundtable discussions and summits  
 › Partner with communities and national and provincial government departments to implement CSI initiatives  
 › Ensured compliance with all applicable regulatory requirements in the countries where we operate  
 › Engaged with the Department of Mineral Resources and Energy (DMRE) in South Africa to regularise mine-related matters  
 › In the DRC, actively engaged with the Ministry of Economy to provide accurate key industry data. We also participated in the Makutano forum and the Expo Beton on the growth of the economy and, in particular, the construction sector  
 › Engaged with various government bodies, municipal and community leaders on the dangers of using inferior quality cement products, and implemented more stringent quality control processes  
 › PPC Ltd and subsidiaries obtained a Level 4 BBBEE recognition under the Amended Construction Sector Code gazetted 1 December 2017  
 › Actively engaged with the Association of Architects and Engineers towards the development of a building code in the DRC |                                                                                                                                                                                                                                                                 |
| Suppliers                             | We proactively engage with our suppliers to ensure an efficient and effective procurement process.           | › Engage with suppliers to, among others, ensure compliance with the transformation agenda  
 › In Zimbabwe, embarked on robust tender processes to secure supply contracts  
 › In Rwanda, developed standard terms and conditions for engaging with suppliers, and developed and vetted a preferred supplier list  
 › Launched a product quality drive relating to binder activity  
 › Developed a comprehensive supplier database  
 › More information on how our operations performed during the year is detailed on page 56. |                                                                                                                                                                                                                                                                 |
<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Why these stakeholders are important to us</th>
<th>How we create value for these stakeholders</th>
<th>Examples of specific actions in FY20</th>
</tr>
</thead>
</table>
| Employees and organised labour     | Our employees are vital to maintaining PPC’s competitive edge and achieving our key performance indicators, which drive our strategy. We therefore ensure that we have a diverse, competitive and capable workforce that will deliver on our business objectives and create value for our stakeholders in the long term. | > Implement employee value proposition (EVP) to attract and retain top talent  
> Cultivate an enabling working environment for our people to thrive  
> Build and strengthen collaboration in the workplace  
> Encourage individual empowerment and leadership development  
> Provide development and growth opportunities  
> Maintain a healthy and safe workplace environment | > Restructured our South African business  
> Conducted our annual employee engagement survey in March 2020  
> Annual culture celebration week across all sites  
> Implemented the first phase of our leadership assessments against PPC’s seven leadership competencies  
> Actively reviewed remuneration packages in Zimbabwe  
> Successfully rolled out our EVP and implemented team development programmes in Zimbabwe  
> In Rwanda, we developed a gender-based programme to increase women representation from 22% to at least 30%  
> Created and launched the CIMERWA women’s forum  
> Conducted a salary benchmarking exercise in Rwanda  
> Went live with our SHERQ system |
| Customers, industry bodies, media, communities and social partners, and NGOs | Without our customers, we are unable to operate. Our customer value proposition ensures that our customers receive quality products and service offerings while creating mutually beneficial relationships. We engage with various associations and industry bodies as part of our inclusive approach to the way we do business. In this way, we have input to proposed legislation and regulatory changes, which could affect our business. We continue to strengthen the relationships with our communities, which are crucial to our social licence to operate. We aim to build practical relationships that enable suitable and relevant projects that address the specific needs of the community. | > Offer premium products, which are quality tested regularly  
> Engage with consumers on an ongoing basis  
> Conduct customer satisfaction surveys every two years  
> Implement branding interventions and strategic marketing initiatives  
> Explore new market segments  
> Provide value-added technical support  
> Engage with relevant associations and industry bodies  
> Holistically approach communities through monthly meetings and biannual engagement forums, where applicable  
> Participate in conferences, roundtable discussions and summits  
> Consult regularly with community representatives  
> Implement appropriate and relevant social and labour plans (SLPs)  
> Partner with communities and national and provincial government departments to implement CSI initiatives | > Provided technical advice where needed  
> Improved route-to-market strategies in all segments  
> Delivered on our brand promise of Strength Beyond  
> Transferred product knowledge to consumers through workshops, such as our small and medium-scale brickmaking sessions  
> Educated consumers on the importance of quality cement  
> Co-hosted a press conference to share findings of tests carried out on inferior products available in the market  
> Scheduled and participated in a construction roundtable with various government departments and industry regulatory bodies  
> Engaged with local and municipal community leaders  
> Supported the communities around our operations through various investments, initiatives and donations |

For more information on our people, refer to our environment and social supplementary report.

For more information on our customers, refer to pages 42 and 43.

For more information on our communities, refer to our environment and social supplementary report.
MATERIAL RISKS

PPC recognises that managing material risks is key to protecting the value we create for our stakeholders. In a volatile external environment, we continue to evaluate those issues most relevant to our business and identify how we can respond to position ourselves for optimal growth.

While the board holds overall accountability for risk within PPC, a delegation of authority policy specifies the tolerances for risk at every level of management. During the year, the executive committee (exco) revised our risk policy, which governs our risk management processes. The policy formalises line management’s responsibility with regard to risk management, including how to identify, assign ownership, categorise, analyse and scope, mitigate, report and escalate risks.

Our risk governance framework, set out below, enables the escalation of key risks to exco, supported by specialised functions, and the board (or relevant committees) from line management. Exco and the board will then consider these escalated risks in the context of our external environment. This top-down and bottom-up approach ensures that our material risks are taken into consideration during strategic decision-making, as well as during day-to-day activities.

RISK GOVERNANCE FRAMEWORK

Over the next six months, PPC will embed the revised risk governance framework throughout the organisation to improve the maturity of our risk management processes.
Based on our bottom-up and top-down approach, we identified the following key material risks:

<table>
<thead>
<tr>
<th>MATERIAL RISK</th>
<th>WHY THIS IS MATERIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Group capital structure</td>
<td>Over the past few years, investments in our South African operations and the expansion into the rest of the continent, combined with stronger than anticipated headwinds, have caused the capital structure that we consider inadequate. We must ensure that each of our operations has a capital structure that suits the business without continued financial dependency on the Group. Particular challenges exist in the debt maturity profile of our business in South Africa, the capital structure of PPC Barnet in the DRC as well as the capital structure of Habesha Cement in which PPC is a minority shareholder.</td>
</tr>
<tr>
<td>2 Prolonged contraction of South African construction activities</td>
<td>The lacklustre level of construction activities causes a sustained overcapacity. The returns generated are below sustainable levels. This will make it difficult to invest in the sector.</td>
</tr>
<tr>
<td>3 Substandard cement quality and imports</td>
<td>PPC is part of a sector that is strategically relevant to South Africa. It is therefore important to recognise the impact of imports on the overall domestic cement sector. Furthermore, the cement industry needs to be protected from unfair competition to remain sustainable. There is also a lack of awareness in the market about the importance of quality cement, which leads to consumers purchasing substandard products readily available. This, along with increased supply from our competitors, have led to a decrease in the demand for PPC’s products.</td>
</tr>
<tr>
<td>4 Regulatory environment across all jurisdictions</td>
<td>As a multinational, PPC is exposed and subject to different regulatory requirements in the regions where we operate, each with its own complexities.</td>
</tr>
</tbody>
</table>
## HOW THIS PLAYED OUT IN FY20

- During most of FY20, the focus on liquidity translated into the successful implementation of cost-reduction measures and margin protection.
- The additional and equally fundamental questions around the capital structure, along with the most immediate concerns of lenders, were addressed by concluding ad hoc agreements with lenders. This translated into an agreement in principle with the lenders of PPC Barnet to implement another two-year capital holiday in exchange for a one-off capital payment.

## OUTLOOK

We are tasked with managing the capital entrusted to us in a way that enables proper returns for our capital providers. During FY21, we plan to finalise the implementation of new capital structures that will enable each of the PPC businesses to operate without financial dependence on the Group during the normal course of business. This involves negotiations with South African and international lenders, as well as our shareholders.

- Within our volatile operating environment, running an efficient business does not only mean reducing our costs but also increasing the utilisation of our assets, along with enhanced performance outputs from our employees. Given the weak outlook on the level of construction activities in South Africa, we will define and implement further measures to adjust our operational capacity to the levels of demand.

- Going forward, we will continue our efforts to protect the cement industry and its strategic position within the broader context of South Africa. We hope to see measures being imposed by government on all imported cementitious products as soon as possible to stop the destruction of value.

- As a responsible corporate citizen, we will also continue educating the public on the dangers of substandard cement quality, and the importance of purchasing well-known cement brands, which offer consistent quality and standards.

### How This Played Out in FY20

- We implemented an average cement price increase of 8% to 10% at the beginning of FY20 to recapture part of the cost increases that caused margin erosion over the last few years. We anticipated a certain level of market share reduction and volume loss as part of this strategy.
- Towards the latter end of FY20, we reached the lower levels of acceptable market share based on our installed capacity. Consequently, we now defend the market and will implement further price increases without reducing our current market share.

### Outlook

- Conducted a comprehensive review of our regulatory universes.
- Engaged continually with regulatory authorities to ensure compliance.
- Developed a risk compliance matrix for all regions.
- Kept abreast of any legislative changes.
- Developed mitigating action plans.

- Going forward, we will continue enhancing our policies and procedures to deal with any regulatory changes in the regions where we operate. Our focus will be on embedding our comprehensive safety, health, environment and quality (SHEQ) system throughout our business. Action plans are in place to guide us during ongoing engagements with relevant stakeholders.
**MATERIAL RISK**

<table>
<thead>
<tr>
<th><strong>MATERIAL RISK</strong></th>
<th><strong>WHY THIS IS MATERIAL</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Credibility to external stakeholders</td>
</tr>
<tr>
<td>6</td>
<td>Company governance and control framework</td>
</tr>
<tr>
<td>7</td>
<td>Increased focus by governments and NGOs on the environmental impact of cement production and the use of concrete</td>
</tr>
<tr>
<td>8</td>
<td>Consistent application of the basics in performance management and employee engagement</td>
</tr>
<tr>
<td>9</td>
<td>Access to the latest innovation and technology, combined with capability building</td>
</tr>
</tbody>
</table>

**5. Credibility to external stakeholders**

We recognise that stakeholders are becoming increasingly impatient with repetitive promises that do not translate into sustainable value. Striving to meet all our stakeholders’ expectations is integral to our strategy and performance measurement.

**6. Company governance and control framework**

Having appropriate governance and risk management frameworks embedded in our organisation is part of our commitment to being a responsible corporate citizen. Shareholders entrust us with their capital, and it is critical that we provide them with combined assurance on how we make decisions and manage risks.

**7. Increased focus by governments and NGOs on the environmental impact of cement production and the use of concrete**

Due to the chemistry and energy requirements of the cement manufacturing process, our operations unavoidably release significant quantities of carbon dioxide (CO$_2$) into the atmosphere. It is therefore imperative that we develop strategies to reduce these emissions and, subsequently, our impact on the environment.

**8. Consistent application of the basics in performance management and employee engagement**

Performance is at the heart of PPC. Our people drive and deliver our strategy, and by having an engaged, committed and focused workforce, we will ensure a better PPC.

**9. Access to the latest innovation and technology, combined with capability building**

The cement industry depends significantly on thermal and electrical energy sources. Given the power challenges in South Africa – and especially in the rest of Africa – the price, quality, sustainable supply, use and optimisation of both energy types are key to successful operation. We aim to be a leader in minimising environmental impact. To get there in the years to come, we have to focus on R&D, access to the latest technology and acquiring the right skills.
### HOW THIS PLAYED OUT IN FY20

- We made changes to our senior leadership – appointed a new CEO and CFO towards second half of the year.
- Following this, we embarked on a structural realignment process within the organisation, in terms of which delivering on our promises forms the cornerstone of how we deal with each other internally, as well as externally with our stakeholders.
- We developed an internal value creation framework, together with specific key performance indicators (KPIs) for each strategic value driver.
- Revamped our governance and risk management processes.
- FY21 budgets and forecasting are being thoroughly interrogated, and accountability for plans has been assigned.
- Evaluating our performance management standards and associated rewards.
- Managed talent through learning and development with specific focus on young talent and improving technical skills.
- Introduced a coaching programme for exco.
- Teams regularly review their performance, focus on accountability, recognition and reward.
- Assessed the current maturity of our risk management systems and renewed our risk governance framework and risk policy.
- Initiated projects focused on (a) standardising accounting policies to strengthen our financial systems and (b) updating and where necessary, developing the internal control framework for the “book to report processes” in the Group.
- Certain weaknesses in the current financial control environment were surfaced during the external audit and JSE proactive monitoring. The COVID-19 pandemic increased our reliance on IT systems, increasing the need for a more robust control environment.
- Strengthening and rebuilding the internal control environment requires investments in processes, IT systems and skills over the next 12 to 18 months.
- We continued to improve energy and process efficiencies that will reduce our CO₂ emissions and carbon footprint.
- We are actively participating in consultative processes with government on issues relating to future climate policies and measures.
- Initiated annual employee engagement survey and will use feedback to inform initiatives for implementation in FY21.
- Comenced leadership assessments against seven specific competencies.
- We are preparing the way for future projects that will support research and development (R&D), clinker factor reduction, CO₂ mitigation, energy consumption and cement quality improvement across the business.
- Our doors remain open to NGOs and environmentalists who wish to share their concerns and ideas with us so that we can continue improving in this space.

### OUTLOOK

We believe that the only way to address and improve our credibility in the eyes of our stakeholders is to achieve results in line with our commitments and, consequently, generate value. This, however, is a process whereby we will relentlessly focus on improving the ability to deliver on specific promises we make to our stakeholders.

Over the next six months, PPC will embed the risk governance framework within the organisation at every level of management. Our progress will be tracked by exco and our board to ensure that we see a marked improvement in our risk management maturity. We will also revamp our supplementary systems, such as compliance monitoring and financial reporting, to further improve our control environment.

We are preparing the way for future projects that will support research and development (R&D), clinker factor reduction, CO₂ mitigation, energy consumption and cement quality improvement across the business.

Our doors remain open to NGOs and environmentalists who wish to share their concerns and ideas with us so that we can continue improving in this space.

We aim to revive the vital elements of a performing organisation, which will ensure that:
- Everyone knows where we are going as a company.
- Everyone knows exactly what to focus their energy on daily.
- Leaders lead their teams with credibility.
- Everyone is involved, daily, in goal setting, problem solving and planning.
- Everyone contributes to quality, cost and service improvements.
- Teams regularly review their performance, focus on accountability, recognition and reward.

Being a member of the WCA will effectively give us access to a wide range of technology and innovation, environmental and climate change, safety and health, as well as marketing and logistics, trends emerging globally.
We believe that, over the past few years, we have seen the start of a paradigm shift in the way we do business. Given the current environment, we realised that our strategy must be centred on getting back to the basics. During our strategy review in the last quarter of FY20, we defined six focus areas that we will need to address to be successful. By getting the basics right, we will ensure that PPC is more competitive and sustainable in the volatile, economically muted external environment in which we operate.

### FOCUS AREAS

<table>
<thead>
<tr>
<th>Purpose and corporate social responsibility</th>
<th>WHAT THIS MEANS FOR PPC</th>
<th>OUR FOCUS AREAS – HOW WE WILL ACHIEVE THIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our purpose is to empower people to experience a better quality of life. To this end, we have built a business that connects communities across the African continent and improves the societies and environments in which we operate. We believe that being a responsible corporate citizen is part of our DNA and we seek to measure and improve our ESG performance.</td>
<td>Provide quality products that are used to build the homes, schools, roads and infrastructure essential for our societies</td>
<td>Update the Group’s governance framework, and implement effective and efficient methods to ensure compliance, understanding and control thereof, including:</td>
</tr>
<tr>
<td>Governance and compliance</td>
<td>Our decisions are guided by the regulatory universes in which we operate, as well as the outcomes of King IV – ethical culture, good performance, effective control and legitimacy.</td>
<td>- Risk governance</td>
</tr>
<tr>
<td>Customers</td>
<td>We want to delight our customers who are willing to pay premium prices for our consistently high-quality products.</td>
<td>- On-time delivery of products</td>
</tr>
<tr>
<td>People</td>
<td>Creating a conducive and empowered culture within PPC, along with high levels of engagement, will motivate our employees to go the extra mile.</td>
<td>- Cultivate a culture of zero harm with no fatalities</td>
</tr>
<tr>
<td>Process excellence</td>
<td>We aim for excellent processes in world-class operations and to deliver the lowest possible cost to our customers, along with the best-in-class environmental performance.</td>
<td>- Improve cost efficiency throughout the value chain</td>
</tr>
<tr>
<td>Financial performance</td>
<td>A sustainable business has to ensure that the financial performance provides sufficient returns to the lenders and shareholders.</td>
<td>- Implement route to market initiatives to maximise revenue streams and price premium</td>
</tr>
</tbody>
</table>

For more detail on our material risks, refer to page 27.
## HOW WE WILL MEASURE OUR SUCCESS

- Execution of community development plans
- Number of fatalities and lost-time injury frequency rate
- CO₂ (and other emissions) per tonne of cement
- Reduction of clinker factor in our products
- Execution of mine rehabilitation plans

- Number of internal and external audit findings
- Elimination of repeat audit findings
- Number of regulatory findings
- Execution rate of identified improvement actions

- Customer satisfaction score
- Volume retention rate by customer
- Product quality indicators

- Employee engagement score
- Productivity percentage
- Individual development plans and execution rate
- Succession cover rate key positions

- Overall equipment efficiency (OEE)
- Customer complaints
- Fixed cost containment
- Variable cost per tonne containment
- Administration costs as percentage of revenue

- EBITDA margin
- Free cash flow
- NWC as percentage of revenue
- Cash conversion ratio
- Economic value creation

## LINK TO MATERIAL RISKS

<table>
<thead>
<tr>
<th>Risk</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Regulatory environment across all jurisdictions</td>
<td>Economic value creation</td>
</tr>
<tr>
<td>2. Prolonged contraction of South African construction activities</td>
<td>Volume retention rate by customer</td>
</tr>
<tr>
<td>3. Increased focus by governments and NGOs on the environmental impact</td>
<td>Product quality indicators</td>
</tr>
<tr>
<td>4. Access to the latest innovation and technology, combined with</td>
<td>Customer satisfaction score</td>
</tr>
<tr>
<td>5. Credibility to external stakeholders</td>
<td>Execution rate of identified improvement actions</td>
</tr>
<tr>
<td>6. Company governance and control framework</td>
<td>Efficiency and effectiveness measures for all processes and activities</td>
</tr>
<tr>
<td>7. Consistent application of the basics in performance management and</td>
<td>EBITDA margin</td>
</tr>
<tr>
<td>8. Employee engagement score</td>
<td>Free cash flow</td>
</tr>
<tr>
<td>9. Administration costs as percentage of revenue</td>
<td>NWC as percentage of revenue</td>
</tr>
<tr>
<td></td>
<td>Cash conversion ratio</td>
</tr>
<tr>
<td></td>
<td>Economic value creation</td>
</tr>
</tbody>
</table>
INLAND BRICKMAKING WORKSHOPS

During FY20, PPC hosted over 1 000 brickmakers at 26 workshops across South Africa and Botswana as part of our commitment to empower the communities around our operations.
One such workshop was held at Mathacs Civils in Tshifudi Village in Limpopo, which was attended by 15 brickmakers – including the local traditional leader, Chief Mashau. Through this workshop, participants were introduced to the science of accurately mixing quality bricks. We also provided training on efficient and profitable business management to help strengthen the financial position of the village.

This is not the first time we have partnered with Mathacs Civils – PPC has supplied it with cement since its inception in 2006. As part of PPC’s Strength Beyond brand promise, we sponsored the funds needed for the owner of Mathacs Civils to attend a customer learning initiative in Zimbabwe. Furthermore, we also supplied 5 000 litre water tanks to assist Mathacs Civils.
SUMMARISED HUMAN CAPITAL REVIEW

We believe that a successful business strategy depends on people. As such, our employees drive and deliver our business objectives, which ultimately leads to value creation for our stakeholders.

Highlights

- Trained 170 culture change ambassadors
- Launched our Group employee value proposition (EVP)
- Rolled out annual PPC culture celebration week across all sites
- Conducted an annual employee engagement survey
- Launched the integrated human capital management system and successfully implemented the first phase
- Completed 90% of leadership competency socialisation sessions
- Implemented the first phase of the leadership assessments against the seven PPC leadership competencies

Challenges

- A gradual decline in learning and development spend (against a percentage of the wage bill) and change in the dtic targets and verification rules
- Strike and lockout at our Hercules plant

Responses

- Embedding integrated talent management philosophy
- Ongoing development of technical skills
- Build a healthy pipeline of young talent
- Cultivate effective relationships with relevant stakeholders
- Introduce engagement forums

Total workforce as at 31 March

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa(^1)</td>
<td>1 913*</td>
<td>2 153*</td>
</tr>
<tr>
<td>Subsidiaries (Pronto, 3Q and Ulula Ash)</td>
<td>399</td>
<td>443</td>
</tr>
<tr>
<td>Botswana(^2)</td>
<td>124*</td>
<td>135*</td>
</tr>
<tr>
<td>Zimbabwe(^2)</td>
<td>419*</td>
<td>440*</td>
</tr>
<tr>
<td>Rwanda</td>
<td>286</td>
<td>295</td>
</tr>
<tr>
<td>DRC</td>
<td>152</td>
<td>148</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3 293</td>
<td>3 614</td>
</tr>
</tbody>
</table>

\(^1\) Limited assurance (refer to page 87)

For more information on our employees, refer to our environment and social supplementary report.
We understand that our management of occupational health and safety needs to be meaningful and tangible. Our operations are designed with one goal in mind – our people are entitled to work in an environment that does not threaten their health and safety in any way. Health and safety are therefore part of our DNA.

Highlights

15 of our sites recorded zero LTIs over the past 12 months

11 of PPC’s sites operated for over two years without an LTI

Our international operations had only three LTIs in this reporting period, resulting in world-class LTIFR of 0,12*

PPC went live with Isometrix – our Group SHERQ – and our electronic document management system, Sharepoint

<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>RESPONSES</th>
</tr>
</thead>
</table>
| › PPC recorded 15 LTIs* during the reporting period. While we saw no fatalities during FY20, tragically, we recorded a fatality at our CIMERWA operation at the end of April 2020 | › Thoroughly investigated all LTIs
| › Onerous and developing requirements related to rail safety in South Africa, which are not commensurate with PPC’s rail risk profile | › Engagements with the Railway Safety Regulator (RSR) to ensure full understanding of the context and detailed requirements
| › Management of safety incidents across all sites | › Committed extensive resources to ensure compliance with RSR requirements
| › The impact of the COVID-19 pandemic | › Submitted 2020 to 2021 rail safety permit application for our 12 active rail sidings at our South African cement business to the RSR in November 2019
| | › PPC was granted a permit extension while the RSR reviewed our permit application. The Group’s new rail permit was issued in February 2020 and is valid until the end of January 2022
| | › PPC Lime applied for its rail permit during the year, which was received in June 2019 and is valid for three years
| | › We made significant improvements in our safety performance since implementing our risk assessment and engagement programme (snakes and hazards)
| | › Investigated all LTIs and high-potential incidents. We capture the details of the investigations and mitigating actions on Isometrix, which we track until they are closed out
| | › Our sites conducted a “So-what” review, the learning points of which were shared across the Group
| | › All our operations were impacted by the COVID-19 pandemic
| | › Each operation conducted a health and safety risk assessment, taking into account the effects of a partial or complete shutdown, depending on in-country mandatory directives, and the subsequent start-up of operations
| | › We identified all necessary health and safety control measures, and developed plans that were implemented during lockdowns in the countries where we operate
| | › All employees and contractors attended induction or training sessions highlighting the requirements of in-country directives, as well as the risk assessments completed by PPC and associated lockdown and start-up plans
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatalities</td>
<td>0</td>
<td>0*</td>
<td>⇃</td>
<td>0*</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Fatality frequency rate (FFR) per 200 000 hours worked</td>
<td>0</td>
<td>0</td>
<td>⇃</td>
<td>0</td>
<td>0</td>
<td>0,01</td>
<td>0,05</td>
<td>0,02</td>
</tr>
<tr>
<td>LTIs</td>
<td>None set</td>
<td>15*</td>
<td>⇕</td>
<td>21*</td>
<td>19</td>
<td>31^(2)</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>LTIFR per 200 000 hours worked (12-month window)</td>
<td>0,24</td>
<td>0,22*</td>
<td>⇕</td>
<td>0,29*</td>
<td>0,25</td>
<td>0,40</td>
<td>0,24</td>
<td>0,24</td>
</tr>
<tr>
<td>Days lost to LTIs</td>
<td>None set</td>
<td>929*</td>
<td>⇕</td>
<td>982*</td>
<td>377</td>
<td>599</td>
<td>239</td>
<td>511</td>
</tr>
<tr>
<td>Significant administrative notices^(3)</td>
<td>None set</td>
<td>2</td>
<td>⇕</td>
<td>10</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>

^(1) Section 54 (DMRE – South Africa only).
^(2) 32 incidents resulted in 31 LTIs and one fatality.
^(3) Assured numbers.

For more information on our occupational health and safety performance, refer to our environment and social supplementary report.
SUMMARISED ENVIRONMENT AND ENERGY REVIEW

We believe a company that truly focuses on sustainability will thrive. As such, managing our environment and energy performance is essential for us to reduce the impact of our operations and ultimately create value for our stakeholders over time.

OUR FIVE KEY ENVIRONMENTAL ISSUES

<table>
<thead>
<tr>
<th>Compliance</th>
<th>Energy management and climate change</th>
<th>Efficient and responsible use of water resources</th>
<th>Air quality management</th>
<th>Resource conservation and alternative fuels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance with ever-changing environmental regulations and legislation in our southern African and international operations.</td>
<td>Efficient energy usage at all our operations, optimising thermal and electrical energy.</td>
<td>Efficient water use and conservation measures to ensure the sustainability of operations.</td>
<td>Identify, monitor, manage and report on emissions from our operations.</td>
<td>Manage our environmental footprint, and proactive land and resource stewardship, throughout the life cycle of our operations.</td>
</tr>
</tbody>
</table>

Highlights

No environmental fines were issued to any of PPC’s operations*

Cement and lime operations in South Africa and Zimbabwe maintained their ISO 14001:2015 certifications

Direct energy usage decreased by 21%* and indirect energy usage by 33%*

Dust burden decreased significantly by 71%*

Postponement to 2020 Minimum Emission Standards was granted for De Hoek and Dwaalboom for NOX emissions by Department of Environment, Forestry and Fisheries (DEFF) to 2025

DEFF granted Hercules kiln (HK) 5 and Riebeek kiln (RK) 1 and 2 approval for decommissioning in line with the Minimum Emission Standards to 2030

PPC Lime was granted an exemption to the alternative fuel minimum emission standard for start-up oil

Slurry was granted a waste variation licence authorising the use of alternative fuels and resources (AFR)

Slurry was granted decommissioning environmental authorisation for Kiln 5 and 6

The DRC’s Department of Energy renewed PPC Barnet’s water harvesting permit
### Challenges

- NOₓ emissions at De Hoek in South Africa and PPC Barnet in the DRC
- Obtained an extension from the DEFF for De Hoek and Dwaalboom to comply with the amendments to the 2020 minimum emission standards for NOₓ emissions, contingent on PPC implementing the proposed NOₓ emission reduction plan
- De Hoek implemented an ambient monitoring programme at Piketberg to assess the impact on sensitive receptors with results well below ambient emission standards
- Installed ambient monitoring instruments at PPC Barnet to determine the impact on sensitive receptors, and scientifically justify ambient air impact and the subsequent reduction of the proposed limit
- Visible stack emissions at Colleen Bawn in Zimbabwe
- Planned upgrades to the kiln dust abatement equipment during FY21 and FY22
- A section 30 diesel spill at PPC Lime during maintenance of the railway tracks
- Conducted a thorough investigation
- Appointed a spill management company to remediate the soil
- Completed a soil analysis and submitted the results to the relevant authorities
- Rwanda’s president received a public complaint about excessive dust emissions affecting local communities
- Replaced defective bags in the dust collector
- The Rwanda Environmental Management Authority confirmed our response was satisfactory after conducting an inspection

### Responses

For more information on our environment and energy performance, refer to our environment and social supplementary report.
We realise that to be successful, we need to be customer-focused. Our value creation framework – which will get us where we want to be (page 20) – takes into account our drive to delight our customers who, in turn, will pay premium prices for our quality products.

Our customers are the reason for our existence, and all our efforts are aimed at cultivating good relationships based on understanding and meeting our customers’ needs. Ultimately, trustworthiness in our dealings with customers must be beyond reproach. Our Group values, therefore, place our customers at the heart of what we do.

We have made some significant progress over the past two years. Encouraged by our brand promise, Strength Beyond, we improved our route-to-market strategies across all markets and solidified ourselves as a company that offers a high-quality and fit-for-purpose range of building materials and technical solutions, which cater for all our customers’ needs.

**VALUE-ADDED OFFERINGS**

- More than 230 000 hours of quality control annually
- Product support services
- World-class laboratory facilities
- On-time and Efficient deliveries for better building project management
- A mechanism to track orders including SMS notification
- Wider distribution network
- Digital solutions for real-time access to information
- Customer synergies and strategic partnerships
- Thought leaders in all sectors
- Technical support line
- Intelligent cement solutions
To ensure that we understand the needs of our customers, we conduct a customer relationship assessment to measure our brand performance against our business objectives. This also ensures that we tailor our products and services to suit our customers’ specific needs – from home construction, improvement and renovation to industrial, civil and agricultural and applications. Some of the key assessment areas consider the following:

- Delivery on our promise of customer excellence
- Meeting and understanding our customers’ needs
- Purchasing behaviour, including the propensity of customers to buy, trial and repeat purchases
- Analysing the driving factors for lapsed customers

Our next customer relationship assessment will be conducted during FY21. Over and above this assessment, each operation records, tracks and manages customer queries and complaints regularly to ensure quick turnaround time on responses (we have a 24-hour response target). Depending on the severity or complexity of the complaints received, we may meet with customers in person to understand the nature of their complaint and, ultimately, provide a solution.

**OUR CUSTOMER VALUE PROPOSITION FOCUS AREAS**

- Extensive distribution network to serve key markets (including domestic and export, where applicable)
- Diverse product offering and technical solutions
- Value-adding partnerships throughout the value chain to support and deliver each customer’s vision
- Improved technologies to enhance our agility and the experience of our customers
SOUTHERN AFRICA/BOTSWANA

OKAVANGO RIVER BRIDGE

PPC Botswana is supplying 15 000 tonnes of SURETECH 52.5 cement and 4 500 tonnes of classified fly ash to the Okavango river bridge project, worth over BWP1 billion, as well as four silos with storage capacity of up to 400 tonnes.

Funded by the government of Botswana, the bridge, located near the village of Mohembo in the north-west of the country, will contribute to socio-economic development of the Delta and Chobe regions by improving access to remote areas, including tourist attractions.

The bridge will span 1.2km, and construction is expected to create at least 300 jobs, with more employment opportunities becoming available upon completion. Quality of life will further be improved for local people with pedestrian walkways and lighting over the bridge, as well as along the 3km approach road.
In South Africa, our biggest market, the economy was severely impacted by COVID-19 and the associated lockdown and there is no doubt that the recovery process will be tough. In Zimbabwe, we were further adversely impacted by inflation accounting and currency devaluation. Our businesses in Rwanda and the DRC achieved favourable results despite the challenging operating environment.

We know that we are not alone in the challenges we face and we remain committed to our purpose of empowering people to experience a better quality of life.

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GROUP PERFORMANCE

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the period ended 31 March 2020

<table>
<thead>
<tr>
<th></th>
<th>Year ended</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 March</td>
<td>31 March</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>Rm</td>
<td>Rm</td>
</tr>
<tr>
<td>Revenue</td>
<td>10 241</td>
<td>10 494</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(8 248)</td>
<td>(8 487)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1 993</td>
<td>2 007</td>
</tr>
<tr>
<td>Expected credit losses on trade receivables</td>
<td>121</td>
<td>18</td>
</tr>
<tr>
<td>Administration and other operating expenditure</td>
<td>1 284</td>
<td>1 104</td>
</tr>
<tr>
<td>Operating profit before items listed below:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment transactions IFRS 2 charges</td>
<td>(16)</td>
<td>(33)</td>
</tr>
<tr>
<td>Fair value and foreign exchange gain/(loss)</td>
<td>151</td>
<td>(126)</td>
</tr>
<tr>
<td>Remeasurement gain/(loss) on put option</td>
<td>251</td>
<td>(51)</td>
</tr>
<tr>
<td>Fair value gain on Zimbabwe financial asset</td>
<td>7</td>
<td>236</td>
</tr>
<tr>
<td>Fair value loss on Zimbabwe blocked funds</td>
<td>(258)</td>
<td>–</td>
</tr>
<tr>
<td>Expected credit loss on Zimbabwe government bonds</td>
<td>40</td>
<td>(40)</td>
</tr>
<tr>
<td>Net monetary gain on hyperinflation in Zimbabwe</td>
<td>651</td>
<td>–</td>
</tr>
<tr>
<td>Impairments</td>
<td>(3 074)</td>
<td>(76)</td>
</tr>
<tr>
<td>(Loss)/profit before finance costs, investment income and equity-accounted investments</td>
<td>(1 660)</td>
<td>831</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(652)</td>
<td>(676)</td>
</tr>
<tr>
<td>Investment income</td>
<td>20</td>
<td>95</td>
</tr>
<tr>
<td>(Loss)/profit before equity-accounted earnings</td>
<td>(2 292)</td>
<td>250</td>
</tr>
<tr>
<td>Profit/(loss) from equity-accounted investments</td>
<td>1</td>
<td>(60)</td>
</tr>
<tr>
<td>(Loss)/profit before taxation</td>
<td>(2 291)</td>
<td>190</td>
</tr>
<tr>
<td>Taxation</td>
<td>(97)</td>
<td>(28)</td>
</tr>
<tr>
<td>(Loss)/profit for the year</td>
<td>(2 388)</td>
<td>162</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of PPC Ltd</td>
<td>(1 872)</td>
<td>235</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(516)</td>
<td>(73)</td>
</tr>
<tr>
<td>(Loss)/earnings per share (cents)</td>
<td>(2 388)</td>
<td>162</td>
</tr>
<tr>
<td>Basic</td>
<td>(124)</td>
<td>16</td>
</tr>
<tr>
<td>Diluted</td>
<td>(124)</td>
<td>15</td>
</tr>
</tbody>
</table>

*Refer to audited annual financial statements 2020 for more details on the Group’s financial performance.*
Group revenue declined by 2% to R10 241 million (March 2019: R10 494 million, restated). Excluding Zimbabwe, revenue declined by 7%, from R9 047 million to R8 380 million, mainly due to a decline in revenues from South Africa Cement.

Cost of sales reduced by 3% to R8 248 million (March 2019: R8 487 million, restated), compared with the previous year. Administration and other operating expenditure increased by 16% to R1 284 million (March 2019: R1 064 million, restated). This increase is primarily due to the impact of hyperinflation in Zimbabwe and an increase in fees paid to consultants.

Fair value adjustments and foreign exchange movements resulted in a gain of R151 million (March 2019: R126 million loss), mostly as a result of the revaluation of foreign denominated loan accounts. The Democratic Republic of the Congo (DRC) put option liability carrying value was reduced to zero, resulting in a remeasurement gain of R251 million for the year. The slower than anticipated ramp-up in the DRC resulted in no capital repayments having been made on the US$ denominated debt in the DRC, as well as more conservative cash flow forecasts, resulting in the option value being zero.

The fair value gain on the Zimbabwe financial asset of R7 million (2019: R236 million, restated) is after taking into account a 50% credit risk fair value adjustment of R161 million (2019: R37 million, restated), while the loss on the blocked funds of R258 million (2019: nil) include an 85% credit risk fair value adjustment of R332 million. The application of IAS 29 Financial Reporting in Hyperinflationary Economies, resulted in a net monetary gain amounting to R651 million (before tax).

Impairments before tax amounted to R3 074 million (March 2019: R76 million, restated), of which R2 767 million relates to the impairment of property, plant and equipment. R205 million relates to the impairment of goodwill and R102 million to the impairment of intangible assets. The uncertainty around the potential effects of COVID-19 on PPC’s operating performance impacted the impairment assessments of cash-generating units, resulting in impairments of R1 946 million in South Africa Cement and Readymix, and of R1 128 million in the DRC.

Finance costs decreased by 4% to R652 million (March 2019: R676 million). South African finance costs decreased 6% to R216 million (March 2019: R229 million) and International finance costs declined by 2% to R436 million (March 2019: R447 million).

Financial assets decreased to R309 million (FY19: R679 million, restated) due to the investment in government bonds in Zimbabwe amounting to R279 million in the prior year being transferred to blocked funds in Zimbabwe and being classified as Other non-current assets, as well as the Zimbabwe financial asset decreasing from R252 million in the prior year to R161 million. Hyperinflation, the challenging general economic environment, the unavailability of foreign currency in Zimbabwe and the further uncertainty created by the COVID-19 pandemic were considered in the determination of the appropriate fair value credit risk adjustments to be applied to the Zimbabwe financial asset and the blocked funds. Management concluded that a 50% fair value credit risk adjustment of R161 million was appropriate for the Zimbabwe financial asset, while an 85% adjustment of R332 million for the Zimbabwe blocked funds was deemed necessary. Please refer to note 8 of the Group annual financial statements for further details.

CASH FLOW STATEMENT
Cash available from operations decreased by R794 million, from R1 257 million to R463 million. The decrease in cash generated from operations is primarily due to the reduction in EBITDA from R1 946 million to R1 604 million, the stockpiling of strategic inventories and accumulation of critical spares. Trade receivables were negatively impacted by delays in payments from customers as businesses in the construction sector focused on cash preservation during the lockdown in the regions in which we operate. Trade payables were also affected by capex retention payments of US$2.8 million in the DRC, as well as payments made to suppliers in FY20 as part of negotiations to extend payment terms.

Cash preservation is a major focus area in the coming financial year. The cash tax decreased to R146 million (FY19: R151 million).

SIGNIFICANT MATTERS IMPACTING FY20 RESULTS
GOING CONCERN
In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

Based on the expectation that the Group’s current trading position and forecasts will be met, and taking banking facilities into account, the directors believe that the Group and Company will be able to comply with their financial covenants and be able to meet the conditions and events the going concern conclusion is subject to, and accordingly have concluded that it is appropriate to prepare the financial statements on a going concern basis.

IMPAIRMENT TESTING
PPC performs impairment assessments annually. In accordance with International Accounting Standards (IAS) 36.10(a) and (b), goodwill is assessed irrespective of whether there is any indication of impairment.
During the year under review PPC impaired the following goodwill and intangible assets:

<table>
<thead>
<tr>
<th>CGU</th>
<th>Goodwill Rm</th>
<th>Intangible asset Rm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inland cement</td>
<td>78</td>
<td>102</td>
</tr>
<tr>
<td>Readymix – Gauteng region</td>
<td>127</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>205</td>
<td>102</td>
</tr>
</tbody>
</table>

Individual material assets included in property, plant and equipment were considered for impairment. During the year, assets that are no longer in use with carrying amount were identified. These assets were impaired and derecognised from the asset register and the total impairment recognised for these assets is R17 million (2019: R76 million, restated). Included in the assets that were impaired in the current year is the kiln at Slurry (Slurry kiln 7) that was damaged due to the collapse of the clinker bucket conveyor gantry earlier in the year.

PPC performs impairment calculations annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. All PPC’s subsidiaries are assessed for indicators or conditions that may suggest an impairment.

During the current financial year, management reassessed the aggregation of assets for the Group’s previously identified cash-generating units (CGUs). The reassessment was triggered by the restructuring activities taking place within the Group, namely closure of the Saldanha plant, conversion of integrated cement plants into milling facilities and optimisation of the readymix business unit. Changes to PPC CGUs related to the PPC Cement SA and readymix business units. Three CGUs were identified for PPC Cement SA, namely inland, coastal and Port Elizabeth (these were grouped into one single CGU in the previous year). Five regional CGUs were identified for the readymix business unit, with Ulula Ash also identified as a separate CGU (readymix and Ulula Ash were combined as one single CGU in the prior year). No other changes to the previously identified CGUs were made.

Refer to notes 5 and 22 for more details on impairments recognised.

The board concluded that the following impairments were appropriate:

<table>
<thead>
<tr>
<th>Rm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inland business unit (PPC Cement SA) – property, plant and equipment</td>
</tr>
<tr>
<td>Goodwill</td>
</tr>
<tr>
<td>PPC Barnet DRC – property, plant and equipment</td>
</tr>
<tr>
<td>Coastal business unit (PPC Cement SA) – property, plant and equipment</td>
</tr>
<tr>
<td>Impairment of individual assets in PPC Cement SA</td>
</tr>
<tr>
<td>Intangibles</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

**RECOVERABILITY OF DEFERRED TAX ASSET IN PPC DRC AND PPC CIMERWA**

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future taxable profits are estimated based on the business plans which include estimates and assumptions regarding economic growth, interest, inflation and tax rates and the competitive environment. At year-end, the Group had deferred taxation assets arising from taxation losses of R367 million (March 2019: R479 million) (refer to note 9.3). These are offset by deferred tax liabilities in respective companies. Hence, the net deferred tax assets are reflected at R26 million (2019: R220 million) on the statement of financial position.

As at 31 March 2020 PPC Barnet DRC Manufacturing has a deferred tax asset worth R413 million (USD23 million) arising primarily from previous tax losses incurred. In assessing the recoverability of the deferred tax asset, the board considered the timing of the utilisation of the losses and the fact that the deduction of losses carried forward is capped at 60% of the net taxable profit of the particular year in respect of which the loss deduction is claimed.

Based on the cash flow forecasts for PPC Barnet DRC Manufacturing, management determined that there will only be sufficient taxable income in the 2026 financial year to start utilising the deferred tax asset and, as such, the board determined it appropriate to derecognise the deferred tax asset as at 31 March 2020.

As at 31 March 2020, PPC Rwanda has accumulated tax losses of R682 million (Rwf27 billion), mainly as a result of a substantial investment allowance claimed on the construction of the new plant in 2015 amounting to R966 million (Rwf51.7 billion).

The Rwandan tax legislation limits the utilisation of tax losses to a five-year period following the year in which the loss was incurred. A taxpayer can, however, apply to the Rwandan Revenue Authority for the tax losses to be carried forward for more than five tax periods, subject to the fulfilment of certain requirements.

The 2015 tax loss was set to expire in the 2020 tax period, which would have had a significant impact on the recoverability of the deferred tax asset. PPC Rwanda’s request for an extension of two years was approved and management expects the full utilisation of the tax loss before the expiry of the extended period. The deferred tax asset of R205 million (Rwf11 billion) resulting from the assessed loss in CIMERWA will be recognised fully in the current financial year as the tax losses will be carried forward and is expected to be fully utilised.

**VALUATION OF ZIMBABWE BLOCKED FUNDS OWNED BY PPC LTD**

At 31 March 2020 PPC Ltd holds blocked funds in Zimbabwe. The blocked funds do not meet the requirements of a financial asset but PPC applies the measurement at fair value through profit or loss to determine the carrying value of the asset. The blocked funds are first translated from ZWL to rand and the exchange rate difference is recorded in foreign exchange gains and losses, after which fair value adjustment is applied.

Hyperinflation, the challenging general economic environment and the unavailability of foreign currency in Zimbabwe were considered in the determination of the appropriate fair value adjustment to be applied to the blocked funds. In light of these factors, the further uncertainty created by the COVID-19 pandemic and the absence of any formal confirmation from the Reserve Bank of Zimbabwe (RBZ) of repayment terms of the blocked funds, the Group applied an 85% credit risk fair value adjustment of R332 million against the Zimbabwe blocked funds. The balance as at 31 March 2020 is R59 million (refer to note 8.2).

**VALUATION OF THE RBZ DERIVATIVE ASSET HELD IN PPC ZIMBABWE**

The PPC Zimbabwe financial asset arose when the US$ denominated Zimbabwe loan (refer to note 8.1) was registered with the RBZ in accordance with Statutory Instrument 33. In terms of Statutory Instrument 33, the loan qualifies as legacy debt and a Zimbabwe dollar amount equivalent to the US$ loan balance was transferred to the RBZ as blocked funds and this amount qualifies for the 1:1 conversion of US$ to ZWL.
Hyperinflation, the challenging general economic environment, the unavailability of foreign currency in Zimbabwe and the further uncertainty created by the COVID-19 pandemic were considered in the determination of the appropriate fair value credit risk adjustment to be applied. A formal agreement has been reached between PPC and the RBZ in terms of which the RBZ utilises the blocked funds to make direct payment on the Zimbabwe loan. To date, these payments have all been honoured, with the last payment being made in June 2020.

To that end the Group applied a 50% fair value credit risk adjustment against the PPC Zimbabwe financial asset which resulted in a fair value adjustment of R161 million for the year and a balance of R161 million as at 31 March 2020 (refer to note 8.1).

**VALUATION OF THE IFC PUT OPTION**

PPC entered into a Put Option Agreement with the International Finance Corporation (IFC) in terms of which the latter can put its investment or part thereof in PPC Barnet DRC Holdings to PPC. The put option may be exercised between 24 September 2021 and 24 September 2026 and under further specific circumstances detailed in the agreement. The agreement provides for the valuation of the option by way of a predetermined formula as follows:

\[
\text{(EBITDA \times earnings multiple) – net financial debt}
\]

The ramp-up of the DRC plant has been slower than originally anticipated, particularly due to the increased competition in that country. The COVID-19 pandemic further impacted the outlook of the plant performance due to government directives to lock down the main commercial district. This crisis is expected to have a prolonged impact on the performance of the business which is driven by an expected slow recovery of contractor and large-scale projects in the DRC. EBITDA projections are further impacted by the exchange rate deterioration of the Congolese franc (CDF) against the US$.

As a result of the slower than anticipated ramp-up, no capital repayments have been made on the US$ denominated debt. As the debt is denominated in US$, translation to CDF has an adverse effect on the valuation of the net financial debt figure utilised in the above formula. The result of this, together with the more conservative EBITDA forecasts, results in the option being under water and reflected at a zero fair value compared to R251 million (restated) as at 31 March 2019 (refer to note 17).

**ACCURACY OF THE HYPERINFLATION RESULTS FOR PPC ZIMBABWE**

On 11 October 2019, the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies.

The results of our operations with a functional currency of ZWL dollar have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 April 2019. Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period.

The Group has elected to use the Zimbabwe Consumer Price Index (ZCPI) as the general price index to restate amounts as the ZCPI provides an official observable indication of the change in the price of goods and services. The general price index used is as published by the Zimbabwe National Statistics Agency.

PPC Group followed the below approach in computing and recording the necessary hyperinflation adjustments:

- Non-monetary assets and liabilities opening balances were indexed up using the ZCPI to restate amounts as the ZCPI purchasing power during the period.
- To restate amounts as the ZCPI applicable throughout the year.
- Net monetary gain for the current period was recognised in profit or loss and disclosed separately on the face of the statement of profit or loss.
- On consolidation, PPC Zimbabwe hyperinflation accounts were translated at the closing exchange rate at 31 March 2020 as per IAS 29 principles.

**PRIOR YEAR RESTATEMENTS**

1) **Equity-accounted investment in Habesha**

Habesha Cement Share Company (Habesha) is an Ethiopian equity-accounted investment held by PPC (refer to note 7 of the annual financial statements) with a carrying value of R146 million as at 31 March 2019. Subsequent to year-end, the Group discovered that Habesha restated their FY19 financial statements due to the first-time adoption of International Financial Reporting Standards (IFRS) in Ethiopia, highlighting the fact that PPC should have adjusted its share of losses in previous years to comply with IFRS, which it did not do.

The result of correcting the error by accounting for the IFRS losses reduced the carrying value of the associate at 31 March 2018 by R126 million and by a further R20 million at 31 March 2019. Therefore, no impairment is required in the current financial year as the additional losses decreased the carrying value to zero by 31 March 2019.

2) **Zimbabwe financial asset fair value**

The PPC Zimbabwe financial asset arose when the US$ denominated Zimbabwe loan (refer to note 2.2 of the annual financial statements) was registered with the RBZ. The loan qualifies as legacy debt and a Zimbabwe dollar amount equivalent to the US$ loan balance was transferred to the RBZ as blocked funds and this amount qualifies for the 1:1 conversion of US$ to ZWL.

No adjustment was applied for credit risk as at 31 March 2019. Considering the fact that PPC did raise an ECL adjustment on the Zimbabwe government bonds as at that date, the board believes it could have been appropriate to at least apply the same percentage fair value credit risk adjustment against the Zimbabwe financial asset at that date. As a result, the prior year results are restated to take into account a fair value adjustment of R37 million.

3) **Foreign currency translation reserve and exchange differences**

At 31 March 2019, PPC recognised exchange differences of R116 million that arose from translation of the DRC deficiency loan in the statement of profit or loss in its separate financial statements. In the PPC consolidated financial statements, the exchange differences were accounted for in other comprehensive income and accumulated in the foreign currency translation reserve, as PPC considered the exchange differences to have arose from the net investment in the foreign operation. The board believes it was not appropriate to consider the loan as part of the net investment in the foreign operation and accordingly the exchange profit of R116 million should have been recorded in the statement of profit or loss in the consolidated financial statements.
4) DRC put option

As part of the project financing arrangements for the development of PPC’s Democratic Republic of Congo (DRC) operations, PPC entered into a put option agreement with an international development finance institution in terms of which the latter can put its investment, or part thereof, in PPC Barnet DRC Holdings, to PPC. The exercise price is determined by way of a formula stipulated in the agreement.

In previous years, PPC applied the formula incorrectly in determining the carrying value of the put option. Correcting this error resulted in a reduction in the carrying value of the put option from R245 million (as previously stated) to R176 million as at 31 March 2018 and from R275 million (as previously stated) to R251 million as at 31 March 2019. Consequently, the loss on revaluation of the put option in 2019 increased by R46 million.

5) The Group previously accounted incorrectly for non-controlling interest in CIMERWA and the DRC. The correction of these errors resulted in reclassification between retained profit, foreign currency translation reserve and non-controlling interest, with non-controlling interest increasing by R179 million in 2019 and by R166 million in 2018.

6) Restatement of revenue and cost of sales

In the prior year the Group incorrectly netted off R85 million of outbound logistics costs against revenue. Correcting this error resulted in a R85 million restatement of revenue and cost of sales.

7) Other individually immaterial errors

A number of smaller individually immaterial errors have been noted relating to reallocation of intangible assets, reallocation between reserves and classification of investments as treasury shares.

The cumulative impact of the prior year restatements had no effect on the prior year’s basic or headline earnings per share but did impact other line items in the financial statements as is disclosed in note 2 of the consolidated financial statements.

FINANCIAL REPORTING PROCESS

The year-end closing and financial reporting process did not go smoothly and the extent and severity of the shortcomings in the Group’s financial reporting processes, internal financial controls, accounting systems and practices became more and more apparent. The audit risk and compliance committee (ARCC) reported these concerns to the board of directors.

The ARCC also reviewed the expertise, resources and experience of PPC’s finance function as a whole, and obtained feedback as to the effectiveness thereof from the external and internal audit functions. Based on this and the weaknesses in the financial reporting environment referred to above, the board believes that there are shortcomings in the expertise and resources of the finance function.

PPC’s management team has initiated, and will continue to implement, various projects to simplify, standardise and automate procedures, formalise policies and improve our internal control environment and related governance processes to ensure the integrity of the information we disclose and publish.

The board expects these improvement projects to take in excess of 18 to 24 months and will closely monitor the progress.

OUR CAPITAL RESTRUCTURING PROJECT

We have previously reported on the group-wide restructuring and refinancing project management embarked upon as a result of the unsustainable debt levels of the Group, in particular the DRC. Progress has been made in this regard and full details are disclosed in note 36 of the Group financial statements.

OUTLOOK

Given the ongoing health crisis and its resultant impact on economic activity, we expect that trading conditions will remain challenging throughout FY21. We will remain focused on cash preservation, improving cost competitiveness by lowering operational costs in line with activity levels, and positioning the business well for economic recovery. We will continue to focus on the group-wide refinancing and restructuring project, the need of which has been exacerbated by the economic effects of the COVID-19 pandemic.

Finally, I want to extend my appreciation to the people of PPC who welcomed me in November 2019. I truly believe I am surrounded by employees who are as passionate about the future of the Group as I am. I thank you for your contribution and commitment over the past year. I am also extremely grateful for the entire executive team, who have made the transition into my role as CFO seamless and comfortable, and for our board’s support as we navigated this difficult year.

While there are many uncertainties in the year ahead, I am excited to be part of PPC’s growth and to continue driving the various initiatives we have already commenced with over the past year.

Ronel van Dijk

Chief financial officer

8 October 2020
## SEVEN-YEAR REVIEW
for the period ended 31 March 2020

<table>
<thead>
<tr>
<th></th>
<th>Twelve Months ended March 2020 Rm</th>
<th>Twelve Months ended March 2019 Rm</th>
<th>Twelve Months ended March 2018 Rm</th>
<th>Twelve Months ended March 2017 Rm</th>
<th>Twelve Months ended March 2016 Rm</th>
<th>Six Months ended March 2016 Rm</th>
<th>Twelve Months ended Sep 2015 Rm</th>
<th>Twelve Months ended Sep 2014 Rm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>17 093</td>
<td>17 651</td>
<td>16 076</td>
<td>18 035</td>
<td>16 389</td>
<td>15 257</td>
<td>11 575</td>
<td></td>
</tr>
<tr>
<td><strong>Net working capital</strong></td>
<td>1 444</td>
<td>907</td>
<td>1 165</td>
<td>1 449</td>
<td>1 119</td>
<td>1 119</td>
<td>978</td>
<td>1 086</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>7 553</td>
<td>9 192</td>
<td>7 823</td>
<td>8 385</td>
<td>3 563</td>
<td>3 563</td>
<td>3 164</td>
<td>2 418</td>
</tr>
<tr>
<td><strong>Gross borrowings</strong></td>
<td>5 800</td>
<td>5 002</td>
<td>4 682</td>
<td>5 736</td>
<td>9 171</td>
<td>9 171</td>
<td>8 221</td>
<td>6 091</td>
</tr>
<tr>
<td><strong>EBITDA interest cover (times)</strong></td>
<td>2,46</td>
<td>2,88</td>
<td>2,79</td>
<td>2,79</td>
<td>4,17</td>
<td>3,46</td>
<td>4,56</td>
<td>4,67</td>
</tr>
<tr>
<td><strong>Gross debt to EBITDA (times)</strong></td>
<td>3,62</td>
<td>2,57</td>
<td>2,49</td>
<td>2,78</td>
<td>3,85</td>
<td>3,85</td>
<td>3,48</td>
<td>2,58</td>
</tr>
<tr>
<td><strong>Number of years to repay interest-bearing borrowings</strong></td>
<td>12,53</td>
<td>3,98</td>
<td>3,27</td>
<td>6,72</td>
<td>5,98</td>
<td>5,98</td>
<td>4,45</td>
<td>3,56</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>10 241</td>
<td>10 494</td>
<td>10 271</td>
<td>9 641</td>
<td>9 187</td>
<td>4 501</td>
<td>9 227</td>
<td>9 039</td>
</tr>
<tr>
<td><strong>Recurring EBITDA</strong></td>
<td>1 727</td>
<td>2 196</td>
<td>2 196</td>
<td>2 074</td>
<td>2 385</td>
<td>1 157</td>
<td>2 424</td>
<td>2 374</td>
</tr>
<tr>
<td><strong>Effective rate of taxation (%)</strong></td>
<td>(4,0)</td>
<td>15,0</td>
<td>67,9</td>
<td>85,0</td>
<td>34,4</td>
<td>30,8</td>
<td>36,61</td>
<td>30,10</td>
</tr>
<tr>
<td><strong>Recurring EPS (cents per share)</strong></td>
<td>(116,1)</td>
<td>21,6</td>
<td>29</td>
<td>47</td>
<td>111</td>
<td>56</td>
<td>148</td>
<td>175</td>
</tr>
<tr>
<td><strong>Dividends per share (cents per share)</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>33</td>
<td>–</td>
<td>57</td>
<td>114</td>
</tr>
<tr>
<td><strong>Dividend cover (times)</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,5</td>
<td>–</td>
<td>2,33</td>
<td>1,50</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>1 197</td>
<td>1 980</td>
<td>2 300</td>
<td>1 871</td>
<td>2 389</td>
<td>813</td>
<td>2 716</td>
<td>2 583</td>
</tr>
<tr>
<td><strong>Cash conversion ratio</strong></td>
<td>0,74</td>
<td>1,02</td>
<td>1,22</td>
<td>0,91</td>
<td>1,00</td>
<td>0,70</td>
<td>1,10</td>
<td>1,10</td>
</tr>
<tr>
<td><strong>Dividends paid (Rm)</strong></td>
<td>–</td>
<td>4</td>
<td>–</td>
<td>8</td>
<td>321</td>
<td>185</td>
<td>559</td>
<td>880</td>
</tr>
<tr>
<td><strong>Investment in property, plant and equipment and intangible assets (adjusted for capital expenditure accruals)</strong></td>
<td>670</td>
<td>797</td>
<td>927</td>
<td>2 077</td>
<td>3 072</td>
<td>1 188</td>
<td>2 892</td>
<td>2 182</td>
</tr>
<tr>
<td><strong>Investment in subsidiaries and equity-accounted investments</strong></td>
<td>–</td>
<td>–</td>
<td>42</td>
<td>18</td>
<td>75</td>
<td>75</td>
<td>108</td>
<td>665</td>
</tr>
<tr>
<td><strong>Total shares in issue (net of treasury shares)</strong></td>
<td>1 508</td>
<td>1 505</td>
<td>1 513</td>
<td>1 592</td>
<td>607</td>
<td>667</td>
<td>605</td>
<td>605</td>
</tr>
<tr>
<td><strong>Weighted average number of ordinary shares in issue during the year (000)</strong></td>
<td>1 506 788</td>
<td>1 512 292</td>
<td>1 510 163</td>
<td>1 137 338</td>
<td>680 086</td>
<td>526 076</td>
<td>526 022</td>
<td>526 180</td>
</tr>
</tbody>
</table>

(1) Net working capital is calculated as follows, inventory plus trade and other receivables (net trade receivables, other financial receivables and prepayments) less trade and other payables (trade payables and accruals and other financial payables).

(2) March 2016 calculated on a rolling twelve-month period for EBITDA and cash from operations.

(3) Recurring EBITDA calculated by adjusting EBITDA for non-recurring items.

(4) Refer to note 2 of the Summarised consolidated annual financial statements, for details regarding the restatements as a result of a correction of prior period errors.
VALUE ADDED STATEMENT

for the period ended 31 March 2020

A measure of the wealth created by the Group is the amount of value added to the cost of raw materials, products and services purchased. This statement shows the total wealth created and how it was distributed.

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 March 2020</th>
<th>Year ended 31 March 2019 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rm</td>
<td>Rm</td>
</tr>
<tr>
<td>Revenue</td>
<td>10 241</td>
<td>10 494</td>
</tr>
<tr>
<td>Paid to suppliers for materials and services</td>
<td>(6 876)</td>
<td>(6 957)</td>
</tr>
<tr>
<td>Value added</td>
<td>3 365</td>
<td>3 537</td>
</tr>
<tr>
<td>Empowerment transactions IFRS 2 charges</td>
<td>(16)</td>
<td>(33)</td>
</tr>
<tr>
<td>Impairments*</td>
<td>(3 074)</td>
<td>(76)</td>
</tr>
<tr>
<td>Income from investments (a)</td>
<td>20</td>
<td>95</td>
</tr>
<tr>
<td>Total wealth created</td>
<td>295</td>
<td>3 523</td>
</tr>
</tbody>
</table>

Wealth distribution:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 March 2020</th>
<th>Year ended 31 March 2019 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rm</td>
<td>Rm</td>
</tr>
<tr>
<td>Salaries, wages and other benefits</td>
<td>1 727</td>
<td>1 599</td>
</tr>
<tr>
<td>Providers of capital</td>
<td>461</td>
<td>661</td>
</tr>
<tr>
<td>Finance costs (net of fair value adjustments on financial instruments)*</td>
<td>461</td>
<td>657</td>
</tr>
<tr>
<td>Dividends</td>
<td>–</td>
<td>4</td>
</tr>
<tr>
<td>Governments</td>
<td>321</td>
<td>86</td>
</tr>
<tr>
<td>Reinvested in the Group to maintain and develop operations</td>
<td>(2 214)</td>
<td>1 177</td>
</tr>
<tr>
<td>Depreciation and amortisation*</td>
<td>977</td>
<td>1 024</td>
</tr>
<tr>
<td>Retained profit/loss for the year*</td>
<td>(2 388)</td>
<td>162</td>
</tr>
<tr>
<td>Net monetary gain</td>
<td>(651)</td>
<td>–</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>(152)</td>
<td>(8)</td>
</tr>
<tr>
<td></td>
<td>295</td>
<td>3 523</td>
</tr>
</tbody>
</table>

Value added ratios

- Number of employees: 3 293 (2019: 3 614)
- Revenue per employee (R000): 3 110 (2019: 2 880)
- Wealth created per employee (R000): 90 (2019: 975)

NOTES

1. Paid to suppliers for materials and services
   Barloworld Logistics is the only supplier of services exceeding 10% of total amounts paid.

2. Salaries, wages and other benefits
   - Salaries, wages, overtime payments, commissions, bonuses and allowances (b) 1 516 (2019: 1 376)
   - Employer contributions (retirement funding, medical and insurance) 211 (2019: 223)
   - Total 1 727 (2019: 1 599)

3. Governments
   - Normal taxation – Local 53 (2019: 54)
   - Normal taxation – Foreign 189 57
   - Withholding taxation (including tax on in specie dividend) 7 (2019: 33)
   - Municipality rates and levies paid to local authorities 45 (2019: 28)
   - Customs duties, import surcharges and excise taxes 19 10
   - Skills development levy 10 15
   - Cash grants and subsidies received from the government (1) (3)
   - Total 321 86

(a) Includes interest received and dividend income.
(b) Includes restructuring costs of R108 million (2019: Rnil)
* Refer to note 2 for details regarding the restatements as a result of a correction of prior period errors.
SOUTHERN AFRICA

INLAND

TEMBISA MALL

Since July 2019, PPC supplied over R20 million worth of products to the R850 million Tembisa Mall project.
Once completed it is expected that the centre will boost socio-economic development in Tembisa – one of the most densely populated townships in South Africa – and its surrounding areas.

The 42 889m² mall, which could be extended to 80 000m² in the future, truly showcases the use of PPC’s basket offering: readymix, mortars and cement.

The site is also the first to receive the newly branded SUREMORTAR and SUREPLASTER silos, which are visible from the Olifantsfontein Road.

PPC is proud to be involved in this project, which will bring a better quality of life to the people of Tembisa. Furthermore, the mall will house more than 100 shops, which will ultimately improve Tembisa’s economy while providing numerous employment opportunities for the people in the region.
PPC has cement plants in five of the nine provinces of South Africa – the Western Cape, Eastern Cape, North West, Limpopo and Gauteng. Combined, these plants have an installed capacity of 7,0mtpa. In Botswana, we supply cement and aggregates across the country. We have a milling operation in Gaborone.

**Key actions taken during FY20**

- Improved operational efficiencies through cost containment and optimal sourcing
- Implemented initiatives to improve margins
- Cultivated a high-performance culture
- Secured strategic input materials
- Rationalised operations to align with market demand, which reduced fixed costs by R107 million
- Focused supply and distribution into sustainable margin regions
- Secured volumes within construction and industrial segments
- Optimised production performance with optimal use of comparative plant efficiency
- Addressed industry challenges, including imports and non-conformance of products in the market
- Optimised and ramped up Slurry Kiln 9
- Transitioned the Port Elizabeth milling plant with the retirement of the clinker facility
- Installed new packers facility in Botswana, which increased operational efficiencies
- Reduced energy costs by 2% due to a 3% decrease in the use of traditional fuels, along with an increase in the use of alternative fuel resources (AFR) at Dwaalboom and a tyre burning initiative at De Hoek
- Further enhanced SURERANGE product line
- Supplied cement to significant projects, including:
  - Capitec head office, Saldanha Oil and Roggeveld wind farms in the coastal region
  - Montrose City mega-development, Sasol Secunda, Exxaro Matla and Balwin Munyaka housing development in the inland region
  - Dibete-Mookane road and Mohembo bridge in the inland region
Trading conditions during FY20

The subdued cement market in South Africa reflects the country’s stagnant economy, which grew by less than 2% in 2019. We continued to be challenged by inconsistent and insufficient electricity supply with load shedding impacting operational productivity and cost efficiencies. Disposable income is under pressure due to slow growth in nominal employee wages and the country’s high unemployment rate (29% in 2019). Furthermore, the weak performance of the steel industry led to the closure of ArcelorMittal’s Saldanha operations, which has severely impacted the availability of slag extender in the coastal market.

Our trading environment in Botswana was characterised by low activity in the construction sector. However, we expect infrastructure development to improve after the national elections that took place towards the end of the 2019 calendar year.

Demand Pricing

- Southern Africa has an estimated effective cement capacity of between 18mt and 20mt, with six large producers and 10 downstream blenders serving a market with a demand of 14mt
- Industry cement sales decreased by an estimated 7% to 10% year on year due to lower demand, higher imports and increased competition
- Limited construction projects as a result of muted infrastructural growth have exacerbated the decline in cement demand, as has the rise in violent disruptions by community stakeholders at construction sites
- In line with GDP growth of 3% in Botswana, we saw an upswing in cement demand towards the latter part of FY20 due to the growing mining sector and associated housing and access road infrastructure

Pricing continued to be under pressure in the latter part of the year as a result of overcapacity in the region
- The average selling price increased by 8% to 10% from FY19
- PPC remained the market leader in pricing

Financial impact

Volumes declined by 15% to 20% due to the competitive landscape and overall market decline

Revenue decreased by 11% and EBITDA by 36% year on year

Cost of sales per tonne increased by 9% due to higher electricity, fuel and coal costs

Fixed costs decreased by 5% on the back of operational rationalisation

Outlook

We expect South Africa’s trading and regulatory environment to remain challenging, which will undoubtedly impact the cement market. With subdued demand likely to continue, we expect to see increased competition. Going forward, we will continue to build on the progress we made in FY20 – by maintaining our pricing momentum and entrenching a focused route-to-market strategy – while integrating our cement and materials business, which is expected to yield positive results. We will also continue to engage with relevant stakeholders, such as the International Trade Administration Commission (ITAC), on cement imports and substandard blender products.

We expect the Botswana market to benefit from infrastructure development due to growth in the mining sector. Going forward, our focus will be on entrenching our route-to-market strategies to serve our customers optimally. We will also focus on pricing and reducing our cost of production to remain competitive.

Our focus areas in FY20

- Optimize the efficiency of our existing assets and national footprint to improve profitability
- Innovative alternative fuel and energy sources
- Enhance our total value proposition by offering consistent product quality and industry-leading service with a highly respected technical support team for our valued partners
- Further entrenching and enhancing our route-to-market strategy to improve cost efficiencies through logistics optimisation
Key actions taken during FY20

- Implemented cost-cutting measures to remain competitive and increase our earnings
- Secured supply of strategic input materials
- Upgraded our Mooiplaas quarry to increase production and meet demand
- Effectively implemented cost control measures to improve the reliability of operations at our Mooiplaas and Laezonia aggregates operations
- Monitored readymix plants and transferred those performing below expectations to areas with higher demand and swiftly regained profitability
- Expanded our readymix division into the Nelspruit region – a significant growth area
- Commissioned the Ngodwana operation to increase our fly ash capacity, especially in the Nelspruit market and for export to Mozambique
- Optimised Kriel operation in partnership with Eskom
- Assessed and positioned our Gauteng readymix production unit in light of the slowdown in mining activities and maintained volumes
- Invested in upskilling our employees to improve efficiencies
- Secured highly technical projects based on the strong technical expertise of our team
- Entrenched product basket offering as a competitive advantage in Botswana
Trading Conditions during FY20

The trading environment remained subdued during the year, which we expect to continue over the next 12 to 18 months. However, opportunities still exist for suppliers who differentiate themselves by offering a superior service. To this end, over the past year, we focused on providing quality products and timely service, which has allowed our materials business to remain steadfast under difficult circumstances.

With the exception of our fly ash business, our materials division was indirectly negatively affected by the challenges in the construction industry, such as violent disruptions by community stakeholders on construction sites. We were also affected by inconsistent electricity supply, but upgrades at our operations ensured that we still met demand.

Demand Pricing

- Readymix market contracted by an estimated 12% year on year
- Aggregate market decreased by an estimated 20% – compounded by oversupply – but recovered lost volumes from other non-construction sectors
- Subsequent to the decline in the first half of 2019, our fly ash division saw increased demand in the second half – we believe this reflects an increase in demand for PPC’s fly ash products and not an increase in overall industry demand
- Several quarries reduced selling prices to maintain competitiveness amid difficult trading conditions and challenges in the construction sector, placing significant pressure on margins and affecting revenue from our materials business
- Prices of readymix concrete remained flat on average year on year, mainly due to overcapacity of supply in our operating areas – we do not expect this trend to continue as current pricing levels are unsustainable, as evidenced by the closure of some small independent producers
- Our fly ash products achieved inflationary increases in line with the cement industry

Financial impact

Materials business:
- Revenue decreased by 11% mainly due to lower volumes sold in aggregate division
- EBITDA increased 18% on better cost management

Outlook

Going forward, we will continue implementing our strategy of focusing on quality products and services that exceed customer expectations. This strategy has allowed PPC materials to enjoy good market share at reasonable prices. We anticipate the impact of the integration of our three materials divisions will be evident in the next financial year as we expand on cost-cutting initiatives. We believe that our material business is positioned for growth when the market turns.
PPC Lime is based on an extensive reserve of metallurgical quality limestone and dolomite stone in the Northern Cape. We produce reactive lime, hard burnt lime, hydrated lime and burnt dolomitic lime in three modern pre-heater rotary kilns. PPC Lime is the leading supplier of these products to key industries, including steel and alloys, gold, uranium and copper mining, non-ferrous metals, sugar refining, water treatment and flue gas desulphurisation.

Key actions taken during FY20
- Recovered sales volume and cash generation
- Aligned fixed costs with reduced volumes
- Increased kiln utilisation and efficiency
- Secured new customers in water treatment, ferrochrome, petrochemical and zinc sectors
- Produced all burnt products from most efficient kilns

OUR FOCUS AREAS IN FY20
- Exceeding customer expectations by maintaining excellent product quality for quick lime, dolomite and limestone-based products
- Diversifying into environmental applications and value-add opportunities
- Continuous improvement in operational excellence
TRADING CONDITIONS DURING FY20

Difficult trading conditions were pervasive during FY20. Implementation of the carbon tax from mid-2019, along with the shrinking South African iron and steel market and increased competition, placed pressure on pricing. PPC Lime managed to maintain its market share and achieved a 4.5% average price increase by focusing on product quality and reliability of supply.

DEMAND

- The South African iron and steel sector (the largest consumer of lime) was under severe pressure due to a decrease in local demand, a sharp rise in iron ore prices and administered selling prices
- Closure of ArcelorMittal’s Saldanha operations in November 2019 further reduced sales volumes
- Gains in other market sectors, such as zinc, ferrochrome and water treatment, partially mitigated reduction in demand from iron and steel sector

PRICING

- Shrinking local lime, iron and steel markets increased pressure on prices

Financial impact

Revenue decreased by 2% year on year mainly due to the weak demand backdrop

EBITDA decreased by 11% from FY19, impacted by lower sales volumes and increased input costs

Variable cost of sales increased by 17% due to the introduction of carbon tax, electricity tariff hikes and higher kiln coal prices

Fixed costs decreased by 2% mainly due to employee savings

OUTLOOK

We expect the iron and steel market to remain under pressure in the next financial year, mostly due to challenging economic conditions, increases in input costs and the impact of a carbon tax. To mitigate this, we will explore the possibility of exporting our products to neighbouring countries. Our key focus will be on improving PPC Lime’s efficiencies, supplying fit-for-purpose and value-added products, and serving our customers to the best of our abilities.
We have three plants in Zimbabwe – a clinker manufacturing plant at Colleen Bawn and two milling plants, one in Bulawayo and one in Harare. With a total installed capacity of 1,4mtpa, PPC Zimbabwe is the largest cement manufacturer and the only supplier of palletised cement in the country.

Key actions taken during FY20

- Secured volumes in large construction projects
- Increased stock cover of strategic raw materials
- Launched an online platform for sales to the diaspora market
- Continued to supply the market despite deficient and inconsistent power supply
- At Colleen Bawn, installed a raw mill third component feeder system to optimise clinker chemistry
- Installed and commissioned a fourth raw material feeding system at our Harare plant, and completed raw material sheds to improve material handling and decrease stormwater pollution and fugitive dust
- Upgraded milling circuit at Bulawayo to enable sustainable production of high Blaine products that will support construction projects and improve mill efficiency

OUR FOCUS AREAS IN FY20

- Maximise forex cash generation
- Maintain EBITDA margins
- Position for growth by expanding product offering into adjacent regions
- Product optimisation and innovation
- Continuous team development
- Secure supply of strategic input materials
- Continue to supply quality products to our customers
- Align cost base to demand
TRADING CONDITIONS DURING FY20

The economic environment in Zimbabwe remained challenging in FY20, characterised by foreign currency shortages, rising inflation, volatile exchange rates and liquidity shortages impacting overall demand in the economy. Due to the decline in disposable income, together with the impact of Cyclone Idai and erratic weather patterns, funding was channelled away from infrastructure developments, which have largely been postponed.

DEMAND

- Industry cement sales decreased by 15% to 20%
- Imports increased significantly due to oversupply in neighbouring countries and the adoption of a mono-currency regime in Zimbabwe – imports rose by over 120% compared with the previous year
- Growth of the informal market, which traded illegally in US dollars, impacted the big, formal retailers that contribute significantly towards total sales

PRICING

- Cement pricing was adjusted to account for the increase in inflation and the devaluation of the local currency

Financial impact

Total cement volumes sold declined by 15% to 20%

Revenue increased by 29% while EBITDA increased by 53%

Cost of production ended 16% lower, primarily driven by lower electricity and fuel prices (measured in US dollars) during the first half of the year

OUTLOOK

If corrective measures are taken, especially to restore macro-economic stability, PPC Zimbabwe is well positioned to benefit from improved prospects. While our aim is to optimise US dollar EBITDA and preserve cash, we will also focus on the following operational goals:

COLEEN BAWN

- Improving kiln production as electricity supply stabilises
- Improving environmental compliance following the installation of a bag filler for the main Kiln stack towards the end of FY21
- Reducing our carbon footprint, focusing on thermal and electrical energy efficiencies, consumption and costs

BULAWAYO

- Increasing level of automation to improve customer service, particularly in packaging units
- Continuing to decrease carbon footprint by further reducing clinker factor
- Improving product offering by increasing the range of cements to cater for different uses

HARARE

- Ensuring optimum resourcing of input materials
- Continuing to decrease carbon footprint by further reducing clinker factor
CIMERWA is PPC’s only plant in Rwanda, located in Mugaranza, Rusizi district, in the south-western part of the country. As Rwanda’s only integrated cement producer, CIMERWA mines raw materials, produces clinker concentrate, and packs and sells cement for general and civil construction. The plant has an installed annual cement production capacity of 600 000t.

**Key actions taken during FY20**

<table>
<thead>
<tr>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured volumes in large construction and government projects</td>
</tr>
<tr>
<td>Enhanced skills development and entrenched high-performance culture among our employees</td>
</tr>
<tr>
<td>Developing projects to support reduction of clinker factor</td>
</tr>
<tr>
<td>Optimised grinding aid usage</td>
</tr>
<tr>
<td>Investigated alternative product solutions for Rwanda and export markets</td>
</tr>
<tr>
<td>Installed limestone roller crusher and sandstone screen</td>
</tr>
<tr>
<td>Commissioned a mobile pozzolana crusher at Kibangira quarry</td>
</tr>
<tr>
<td>Achieved more than 90% delivered service due to our route-to-market strategy</td>
</tr>
<tr>
<td>Confirmed Mashyuza limestone reserves</td>
</tr>
<tr>
<td>Recognised by Private Sector Federation for our commitment to Gender Equality Seal certification programme for public and private enterprises supported by the United Nations Development Programme</td>
</tr>
</tbody>
</table>
Trading conditions during FY20

Our operating environment in Rwanda was characterised by robust economic growth, large infrastructure deficit, inconsistent and costly power relative to regional peers, susceptibility to fluctuations in international commodity prices, and vulnerability to negative spill-overs from neighbouring countries.

**Demand**
- Cement demand, driven by large infrastructure projects, growth in the retail market
- Increased imports from the East African Community (EAC) region, especially Tanzania, due to oversupply in the region and the Rwanda-Uganda border impasse

**Pricing**
- Market pricing remained almost flat in US dollar terms due to exchange rate movements

**Financial impact**

<table>
<thead>
<tr>
<th>Volumes increased by 2% due to improved plant performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realised selling prices remained stable</td>
</tr>
<tr>
<td>Revenue increased by 6% and EBITDA declined by 8%, mostly due to the 14-day closure of the plant as a result of the COVID-19 pandemic</td>
</tr>
<tr>
<td>Cost of sales per tonne up by 8% due to higher maintenance costs and unavailability of cheaper alternative thermal energy sources</td>
</tr>
</tbody>
</table>

**Outlook**

In Rwanda, we expect robust GDP growth over the next four years, supported by the agriculture sector. In the coming year, we will focus on further debottlenecking our plant, increasing demand, maintaining cost competitiveness, improving our human capital excellence, enhancing route-to-market and increasing production through plant optimisation. These actions will be critical in the face of a changing market structure and new competitors.
PPC Barnet is a fully integrated plant near Kimpese in the Kongo Central province, 230km south-west of the capital Kinshasa where the administrative and sales office is located. The plant has an installed capacity of 1,2mtpa.

Key actions taken during FY20

- Differentiated product offerings in all segments through optimisation and innovation
- Developed leadership capabilities
- Enhanced supply chain to reduce input costs
- Developed partnerships to access new markets and grow volumes in the concrete products manufacturing sector
- Secured volumes for construction projects, and exclusively supplied cement for the National Museum in Kinshasa
- Introduced SUREMIX products (dry mortar and dry concrete) to the Kinshasa market
- Optimised production performance by scheduling kiln runs in line with demand
- Achieved a daily clinker output in line with design capacity on a sustainable basis
- Improved clinker factor by more than 5%
- Improved our route-to-market strategies

OUR FOCUS AREAS IN FY20

- Supply quality products to customers
- Align cost base to demand
- Ensure the business is self-sufficient
- Product innovation
- Optimise inbound and outbound logistics
- Enhance route-to-market to unlock latent demand in interior markets
TRADING CONDITIONS DURING FY20

Macro-economic conditions in the Democratic Republic of the Congo were generally favourable during the year with the country’s GDP growth rate reaching 4%. The inflation rate averaged 5%. The complexity of the country’s tax regime negatively impacted the business.

DEMAND

> Demand for cement increased by 4% to 8% due to increased commercial construction activities in Kinshasa and in other parts of the country
> Illegal imports continue to impact domestic capacity utilisation

PRICING

> Industry pricing increased by 2% in US dollar terms

Financial impact

Volumes declined by 6% in comparison with FY19

Illicit imports accounted for 7% of the total market

Selling prices per tonne improved by 3% per tonne in US$

Revenue increased by 5% while EBITDA decreased by 13%

EBITDA in FY20 includes management fees not previously charged, as well as a once-off write-off of development costs. Excluding these items, EBITDA improved on last year

OUTLOOK

GDP growth will be supported by growth in mining demand. Going forward, we will focus on:

> Customer excellence
> Financial sustainability and delivering results
> Operational excellence and performance management
> People engagement and development
> Compliance and governance control
> Corporate social responsibility
Habesha Cement Share Company (Habesha), which is 38% PPC-owned, is based 45km north-west of Addis Ababa, the Ethiopian capital, and is optimally positioned to serve the surrounding area. The plant has a designed cement capacity of 1.4mtpa.

Key actions taken during FY20

Recruited an experienced CEO for the turnaround strategy

Improved stakeholder engagements with communities around our operations

Project to supply dedicated power to quarry has commenced and is expected to be completed by FY21

Continual product certification and recognition from local standards governing body

OUR FOCUS AREAS IN FY20

Production capacity debottlenecking

Enhancing EBITDA performance

Aligning cost base to demand

Strengthening route-to-market strategies

Product portfolio optimisation

Improving business liquidity

Leadership development and driving performance culture

Health and safety improvement programme
TRADING CONDITIONS DURING FY20

Our operating environment was characterised by weak economic growth, which was further compounded by power supply challenges experienced in the region.

DEMAND
- Demand decreased by about 5% from FY19 due to reduced public sector investments and political unrest

PRICING
- Market pricing remained flat due to forex movements
- Total capacity utilisation at 52% due to load shedding, forex shortages and logistic challenges because of unrest in host communities

Financial impact

Volumes declined by 15% due to the decrease in the availability of contract work

Realised price per tonne down 5% in US dollar terms

Revenue decreased by 20%

Cost of sales per tonne up 5% due to higher fuel costs and unplanned shutdowns

OUTLOOK

- Real GDP growth rate for the year ahead is forecast at 7%, and we believe that the expected 2.6% growth in population, along with the +4% urbanisation rate, should be beneficial for the construction industry over the long term. Nonetheless, inflation is currently pegged at 16% and projected to remain at similar levels for the duration of FY21.
- Plant optimisation remains a priority for the business, and opportunities exist to increase plant reliability and, especially, pyro-process stability to unlock thermal energy cost savings, supported by an AFR strategy in the future. Furthermore, organisational restructuring and ensuring we have the right people with the right skills are key for driving the business forward.
Established in 1892, PPC grew and developed along with South Africa by providing cement for many of the country’s famous landmarks and construction projects. While the global governance landscape has changed significantly over the years, PPC remains committed to improving the standard of governance within the Group.

Given the increase in corporate governance irregularities coming to light around the world, the board believes now more than ever that accountability, responsibility and transparency are inextricably linked. Our approach to governance has evolved over the years to a proactive and inclusive approach. We consistently strive to improve the quality of our management and decision-making abilities, and develop standards of governance that enable the Group to manage and mitigate risks confidently as they arise.

We endeavour to comply with the principles of the King Code on Corporate Governance for South Africa, 2016™ (King IV) and ensure that we meet the requirements of all statutory and regulatory requirements, such as the Companies Act 71 of 2008, as amended (Companies Act) and its regulations and, in particular, the Listings Requirements of the Johannesburg Stock Exchange Limited (JSE) and the Zimbabwean Stock Exchange (ZSE), on which the Company’s shares are listed.

ESTABLISHING EFFECTIVE CONTROL

Our board of directors is a unitary board, which is ultimately responsible for ensuring the overall success of the Group. The board is committed to ensure the highest standards of corporate governance are implemented within the Group to enhance its ability to create and protect stakeholder value. As the custodian of corporate governance, the board exercises independent judgement and objectivity in decision-making, taking into account the interests of the Company and its stakeholders. Our directors strive to exercise the business judgement rule and to act honestly, reasonably and in good faith with the main purpose of providing constructive and robust challenges to proposals and decisions.

The board has adopted a formal charter, which affirms the roles, powers and responsibilities of the board and its various committees, having regard for the principles of good corporate governance, international best practice and all applicable laws and regulations. The board charter was reviewed and approved during the year.

The board approved an updated the delegation of authority framework during the year, which governs the decision-making authorisations and defines those matters reserved for determination by the board, matters delegated to management, matters reserved for specific roles within PPC, and financial decision-making and approval limits. While the delegation of authority operates as an ancillary document to the board charter, it does not limit the matters reserved for the board in any way. The board is satisfied that the delegation of authority contributes to role clarity and the effective exercise of responsibilities.

The key roles in the corporate governance of PPC lie primarily within the responsibilities of three persons – our independent board chair, our CEO and our Company secretary, whose roles and responsibilities are clearly defined in the board charter.

The roles of our independent board chair and CEO are separate and not held by the same person to ensure that no single person has unrestricted powers. The role of our CEO is determined by the board, formalised in the board charter and managed through his annual scorecard.

Our chair, Mr Jabu Moleketi, is responsible for leading the board and guiding the proper and effective functioning thereof as a collective. He safeguards the integrity of corporate governance within PPC, and ensures that adequate time is allocated to discuss board matters through a culture of openness and fair debate. Mr Moleketi serves as the link between the board, shareholders and the public. The chair’s performance is evaluated annually by the board after which, if found to be satisfactory, he is re-elected.

As CEO, Mr Roland van Wijnen leads the Company’s day-to-day operations through the execution of PPC’s strategy (page 32). As the chief link between management and the board, he establishes an organisational culture conducive to effective governance and controls, and aims that financial and operational targets are met. The CEO may delegate the powers vested in him as he deems fit, provided that this is done in accordance with the delegation of authority policy.

Our Company secretary, Ms Kristell Holtzhausen, guides PPC’s directors collectively and individually on their duties, responsibilities and powers. She administers the statutory requirements of the Company and its South African subsidiaries, and has an oversight role over the international subsidiaries, to ensure that the Group governance practices are based on King IV and aligned with the Group’s annual work calendar. One of her main focus areas is to ensure compliance with the rules of the JSE Listings Requirements and the rules of the ZSE.

She is a central source of information and advice on matters of ethics and good governance for both the board and the Company. She has unfettered access to the board, is not a board member and maintains an arm’s length relationship with the board and its directors. The board evaluates the performance and independence of the Company secretary annually. After considering the Company secretary’s competence, qualifications and experience, the board is satisfied that she can effectively perform the role of gatekeeper of good governance in PPC and carry out her role and responsibilities.

Details of our chair, CEO and Company secretary’s qualifications and experience appear on pages 10 and 11.
In February 2020, our Group Company secretary hosted a workshop for the company secretaries of PPC's international subsidiary companies. The discussions during the workshop were mainly forward looking and focused on how to integrate the secretariat function across the Group. Accordingly, during the next financial year, PPC will roll out consolidated terms of references, annual workplans and policies pertaining to board governance across the Group. Furthermore, a new formal Group corporate governance framework and combined assurance framework will be introduced. However, each subsidiary will also ensure that its country-specific laws and regulations are taken into account. This will allow the secretariat function to work as one and that the Group board and subsidiary boards are measured against the same methodology, ultimately improving group-wide governance practices.
CORPORATE GOVERNANCE REVIEW

Our board committees are critical for managing good corporate governance and improving internal controls, and consequently the sustainable performance of the Company. Each committee has an approved and documented terms of reference which is reviewed at least every second year and is constituted with due regard to the skills required by each committee to ensure the necessary knowledge, skills, experience and capacity to execute its duties effectively. These committees regularly report to the board on any material issues that may arise.

AUDIT, RISK AND COMPLIANCE COMMITTEE (ARCC)

Along with its statutory responsibilities, the ARCC – chaired by Mr Mark Thompson – provides independent oversight of the effectiveness of PPC’s internal audit, finance and assurance functions and services, risk management, systems of governance, and technology and information governance, along with ensuring PPC complies with all relevant laws and regulations.

The ARCC further recommends the appointment of an external auditor, oversees the external audit process and the integrity of the Group’s AFS, interim and preliminary announcements and any other announcements pertaining to results. The ARCC also assists the board to monitor PPC’s reporting activities, including the integrated report and other external reporting.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE (SETCO)

The setco performs its functions as outlined in section 72(4) of the Companies Act and regulation 43, King IV, PPC’s memorandum of incorporation (MoI), the JSE Listings Requirements and any other applicable law or regulatory provision. Chaired by Ms Nonkululeko Gobodo, setco provides oversight of PPC’s ethical, environmental and social performance, monitoring PPC’s activities against relevant legislation, legal requirements or prevailing codes of best practice on matters relating to social and economic development, transformation, the environment, health and public safety, stakeholder relationships, and labour and employment.

Furthermore, setco assists the board in ensuring that the Group is, and remains committed to being, a socially responsible corporate citizen by creating a sustainable business and having regard to PPC’s economic, social and environmental impact on the communities in which it operates, while considering the United Nations (UN) Global Compact Principles and the Organisation for Economic Co-operation and Development (OECD) policies.

The committee also reviews PPC’s integrated and sustainable development reports in conjunction with the ARCC.

NOMINATIONS COMMITTEE (NOMCO)

Nomco, chaired by Mr Jabu Moleketi, has an independent oversight role, ensuring a formal process for appointing directors is in place. Accordingly, the committee recommends potential senior and executive candidates to the board for its consideration and final approval, while considering the diversity of the position in terms of gender, race, skills, experience and the expertise required. The committee considers the independence of the directors annually, as confirmed in the integrated report.

At least every two years, and together with the Company secretary, the committee oversees the formal evaluation of the directors and committee members, collectively and individually. Considering the performance of directors, the committee ensures their ongoing development, taking into account their experience, and regularly briefs directors on changes in risks, laws and the operating environment. Nomco is responsible for ensuring that formal succession plans for board members, the CEO and senior management appointments are developed and implemented. When necessary, the committee identifies and recommends a replacement for executive directors, and provides input on senior management appointments as proposed by the CEO.

REMUNERATION COMMITTEE (REMCO)

Remco, as chaired by Mr Anthony Ball, assists the board to oversee and manage the Group’s remuneration philosophy and policies to ensure that PPC remunerates fairly, responsibly and transparently, to encourage individual performance and promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The committee reviews the outcomes of implementing the remuneration policy against set objectives and ensures that all benefits are justified and correctly valued. Furthermore, the committee advises on the remuneration of NEDs, taking into consideration the results of performance evaluations. The committee also reviews short-term incentive (STI) schemes and long-term incentive plans (LTIP) to ensure continued contribution to shareholder value and that these are administered in terms of the rules.

Mr Anthony Ball stepped down as chair of remco on his appointment as executive director on 18 June 2020 and Ms Noluvuyo Mkhondo was appointed as chair.

For more details on the key focus areas of our committees in FY20, along with future focus areas, refer to pages 78 to 86.
OUR BOARD

The board provides leadership for the Group within a framework of controls, which aims to risks to be assessed and managed in a way that creates value for our stakeholders in the long term. Our board of directors oversees governance within PPC and is responsible for the strategic direction and control of the Company. The board exercises its control in terms of the Company’s governance framework, which will be implemented during FY21 and rolled out across the Group to all subsidiaries.

Our board of directors is ultimately responsible to PPC’s stakeholders for the management of the Company. The directors individually and collectively conduct themselves with integrity, competence, responsibility, accountability, fairness and transparency as they discharge their duties.

Our board’s key roles and responsibilities include the following:

- Safeguard the interests of stakeholders
- Perpetuate a successful and sustainable business
- Act with independence of mind
- Establish the ethical tone and corporate culture
- Ensure that PPC is a responsible corporate citizen
- Set the strategic direction
- Ensure adequate governance, risk and compliance systems and frameworks
- Oversee the effective implementation of a remuneration and incentive model

The board is satisfied that it fulfilled its responsibilities in accordance with its charter during the year under review.

COMPOSITION OF THE BOARD

PPC’s board is committed to lead the Company objectively and effectively. The board therefore consists of the appropriate mix of knowledge, skills, experience, diversity, gender and independence which is commensurate with the nature, scale and complexity of the business and risks of PPC. The nominations committee biannually evaluates whether the board is effective based on its size, diversity and demographics.

As at 31 March 2020, our board comprised eight independent NEDs and two executive directors.

For more information on our directors, refer to page 10.

The board recognises that diversity at board level is a competitive advantage. Gender and racial diversity are also factored into consideration when determining the optimum composition and balance of the board. All board appointments are on merit taking account what the board requires to be effective. The board is assisted by setco, that approves targets for racial transformation as part of the Group’s transformation roadmap.

<table>
<thead>
<tr>
<th>Gender and racial diversity as at 31 March 2020</th>
<th>Voluntary gender and racial diversity targets for 31 March 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors who are women</td>
<td>40%</td>
</tr>
<tr>
<td>Directors classified as black</td>
<td>50%</td>
</tr>
</tbody>
</table>

APPOINTMENT OF DIRECTORS

Directors are appointed through a formal, documented process in terms of our directors’ board appointment policy. The policy provides a transparent framework for the selection and appointment of high-calibre directors that will lead the Company towards sustainable value creation and growth.

Nomco, with the assistance of a panel consisting of NEDs and representative from management, submits suitable candidates to the board for consideration for the positions of executive directors and NEDs. The appointment of directors to the board is subject to approval by PPC’s shareholders during the AGMs, while the appointment of the chair is subject to board approval only. The appointment of directors is also subject to retirement by rotation as provided for in the Company’s MoI.

In terms of the MoI, during our AGM to be held on 16 November 2020, Mr Jabu Moleketi, Advocate Mojankunyane Gumbi and Ms Noluvuyo Mkhondo will retire and, except for Advocate Gumbi, avail themselves for re-election. No director has served on the board for longer than nine years.

When making recommendations to the board, nomco considers the implications of the mining charter, the codes of good practice issued by the dtic, the Broad-Based Black Economic Empowerment (BBBEE) Act 46 of 2013 and the JSE Listings Requirements. Furthermore, only individuals with a sound ethical reputation and appropriate business acumen and professional experience, as well as sufficient time to effectively fulfil their role as board members, will be considered for appointment.

Directors are expected to attend all scheduled board and committee meetings and be well prepared to participate and contribute in meetings actively. Directors are also required to have and maintain a broad knowledge of the economic environment, industry and business of the Company. New directors are appropriately inducted and ongoing training is offered to assist directors.

See page 76 for more information.
Directors may take on other non-executive directorships, provided these are not detrimental to the immediate responsibilities as a director serving on PPC’s board. To this end, our directors and executive members joining other boards policy stipulates that the maximum number of other directorships our directors could take on, excluding PPC, should not exceed five board positions, excluding committee memberships on those other boards.

**CONFLICTS OF INTEREST**

The board closely monitors potential conflicts of interest, and annual general declarations are obtained from all members. In addition, provision is made for specific declaration at the onset of each board and committee meeting. The board also adopted a conflict of interests policy, which clarifies the procedures to be followed by board members in the event of a conflict arising.

**BOARD CHANGES**

During the year, PPC reviewed the membership structure of its committees. Taking into consideration the expertise and desired efficiency the Company requires for effective governance and decision-making, while also ensuring compliance with the requirements of the Companies Act and King IV, our committee structures were changed with effect from 10 December 2019.

<table>
<thead>
<tr>
<th>Board member</th>
<th>Board meetings</th>
<th>ARCC</th>
<th>Setco</th>
<th>Nomco</th>
<th>Remco</th>
<th>IC(3)</th>
<th>AGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>J Moleketi</td>
<td>5/6</td>
<td>–</td>
<td>4/4</td>
<td>4/4</td>
<td>2/3(5)</td>
<td>–</td>
<td>1/1</td>
</tr>
<tr>
<td>J Claassen(2)</td>
<td>2/2</td>
<td>2/2(4)</td>
<td>1/2</td>
<td>2/2(4)</td>
<td>2/2(4)</td>
<td>2/2(4)</td>
<td>1/1</td>
</tr>
<tr>
<td>R van Wijnen(5)</td>
<td>4/4</td>
<td>2/2(3)</td>
<td>2/2(3)</td>
<td>2/2(3)</td>
<td>2/2(4)</td>
<td>2/2</td>
<td>–</td>
</tr>
<tr>
<td>A Ball(6)</td>
<td>5/6</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1/1</td>
</tr>
<tr>
<td>N Gobodo</td>
<td>6/6</td>
<td>5/5</td>
<td>4/4</td>
<td>3/3(4)</td>
<td>–</td>
<td>4/4</td>
<td>0/1</td>
</tr>
<tr>
<td>M Gumbi</td>
<td>3/6</td>
<td>–</td>
<td>4/4</td>
<td>–</td>
<td>2/3(4)</td>
<td>–</td>
<td>0/1</td>
</tr>
<tr>
<td>N Mkhondo(7)</td>
<td>6/6</td>
<td>5/5</td>
<td>–</td>
<td>3/4</td>
<td>2/3(4)</td>
<td>3/3(4)</td>
<td>0/1</td>
</tr>
<tr>
<td>T Moyo</td>
<td>6/6</td>
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<td>–</td>
<td>4/4</td>
<td>4/4</td>
<td>–</td>
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</tr>
<tr>
<td>C Naude</td>
<td>6/6</td>
<td>3/3(4)</td>
<td>–</td>
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<td>4/4</td>
<td>4/4</td>
<td>1/1</td>
</tr>
<tr>
<td>T Ramano(2)</td>
<td>2/3</td>
<td>1/2(4)</td>
<td>2/2</td>
<td>–</td>
<td>1/2(4)</td>
<td>2/2(4)</td>
<td>1/1</td>
</tr>
<tr>
<td>R van Dijk(3)</td>
<td>3/3</td>
<td>2/2(4)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2/2</td>
<td>–</td>
</tr>
<tr>
<td>M Thompson</td>
<td>6/6</td>
<td>5/5</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2/2(4)</td>
<td>1/1</td>
</tr>
</tbody>
</table>

(1) Mr Johannes Claassen retired as CEO with effect from 1 October 2019. Mr Roland van Wijnen was appointed as CEO on 1 October 2019 for a four-year term.
(2) Ms Tryphosa Ramano resigned as CFO with effect from 1 November 2019. Ms Ronel van Dijk was appointed as interim CFO on 1 November 2019. During December 2019, it became clear that no suitable candidate would be identified and Ms Ronel van Dijk’s contract was extended to 31 July 2020. We extended our search for a permanent CFO candidate that will enhance the gender and racial balance of the board. After an additional round of interviews, nomco recommended that Ms Ronel van Dijk be appointed as permanent CFO on completion of her temporary contract. This will ensure the necessary continuity for all activities that she has initiated since taking on the role of interim CFO.
(3) The investment committee (IC) comprises Ms Charles Naude (who serves as chair of the committee), Mr Anthony Ball and Mr Mark Thompson, all of whom are independent NEDs. Ms Noluvuyo Mkhondo is a permanent attendee.
(4) Board members attended various committee meetings by invitation.
(5) During the annual committee membership review process, under the oversight of nomco, members resigned and were appointed to other committees on 10 December 2019.
(6) Mr Anthony Ball became an executive director on 18 June 2020 and stepped down as the chair and member of the remco.
(7) Mrs Noluvuyo Mkhondo was appointed as a member and chair of the remco, replacing Mr Anthony Ball.

After the resignation of Ms Tryphosa Ramano as CFO, nomco embarked on a recruitment process to find a suitable replacement with the necessary experience. To allow sufficient time to identify the required candidate, Ms Ronel van Dijk was appointed as interim CFO on 1 November 2019. During December 2019, it became clear that no suitable candidate would be identified and Ms Ronel van Dijk’s contract was extended to 31 July 2020. We extended our search for a permanent CFO candidate that will enhance the gender and racial balance of the board. After an additional round of interviews, nomco recommended that Ms Ronel van Dijk be appointed as permanent CFO on completion of her temporary contract. This will ensure the necessary continuity for all activities that she has initiated since taking on the role of interim CFO.

**BOARD AND COMMITTEE MEETINGS**

The board has five standing committees to which it delegated certain functions with the specific objective of evaluating key areas of its mandate on a more detailed basis. While the delegation to the board’s committees promotes independent judgement and assists with the balance of power, it does not relieve the board of its duties.

Our board of directors meets as often as required but at least four times annually. The board met six times during FY20. The table below summarises scheduled meeting attendance by board members for the period 1 April 2019 to 31 March 2020.

**Corporate Governance Review continued**
FOSTERING AN ETHICAL CULTURE

Our board of directors assumes responsibility for setting the ethical tone within the Group. We strive to uphold an impeccable standard of integrity in our professional and personal relationships. We are committed to performing our duties in good faith and in a way that promotes the Company’s standing image within our business and social environments. PPC’s trustworthiness in dealing with customers, suppliers, government and other stakeholders must be beyond reproach at all times. Directors and managers are therefore responsible for ensuring that all representatives understand the Group’s ethos in terms of our business ethics policy, which is founded on our code of conduct and Group values.

The purpose of our business ethics policy is to clarify, facilitate and promote ethical behaviour expected from all PPC directors, employees and contractors. The policy applies to any act of corruption, fraud, suspected fraud and general unethical business behaviour involving our stakeholders.

Management is responsible for the detection and prevention of fraud, misappropriations and other inappropriate conduct. Employees are encouraged to raise related matters with supervisors, managers, the Company secretary, members of setco or, confidentially, on the PPC ethics hotline, under the guidelines of the approved whistleblowing policy. Reports of unethical behaviour are resolved in terms of the applicable legislation, and management is pleased to confirm that no serious matters were reported in the period under review.

Our code of conduct, which was reviewed and approved during FY20, promotes and encourages ethical behaviour, and has been adopted to give effect to our core values, guide our relationships and outline our commitments to all our stakeholders. Site-specific codes of conduct operationalise our values.

Our CEO creates an ethical work environment and maintains a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse Group of quality employees. Our board has delegated the responsibility of oversight over the implementation of the PPC code of conduct to setco. Our human resources (HR) executive is responsible for reporting the Company’s ethics performance in a formal, written ethics report to setco.

For more information on our key ethical focus areas for FY20, refer to page 32 and our environmental and social supplementary report.

DELIVERING GOOD PERFORMANCE

Our board of directors is cognisant of the correlation between our strategic environment, material matters, risks and opportunities and, ultimately, our performance, while considering the compliance environment in which the Group operates. Our board protects the Group’s financial integrity by reviewing and monitoring the performance of the various business segments. A significant focus area for FY20 was the refreshing of our strategy, which is the culmination of robust discussions on how to position the Company for optimal performance and value creation for stakeholders.

KEY BOARD DELIBERATIONS DURING FY20

<table>
<thead>
<tr>
<th>Introducing a refined strategy to drive value creation</th>
<th>Changes to our leadership team</th>
<th>COVID-19</th>
<th>Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the beginning of the 2020 calendar year, the board, along with exco, embarked on a process to refine PPC’s strategy to align more closely with the newly agreed strategic objectives. The continued focus remains on creating economic value, the needs of our customers, being a leader in environmental management and developing our HR and our social responsibility. This process allowed us to focus internally, critically reviewing the status quo while being cognisant of the prevailing operating contexts of our segments across sub-Saharan Africa. More information is detailed on pages 32 to 33.</td>
<td>This year saw various changes to our exco structure. The board spent considerable time ensuring the right candidates were appointed to strengthen the leadership team going forward. Most notably, we appointed a new CEO and interim CFO, who became permanently employed from 1 August 2020. Mr van Wijnen was also appointed to various South African subsidiary boards from 1 December 2019. More information on page 10.</td>
<td>At the beginning of 2020, the unprecedented outbreak of COVID-19 was declared a global pandemic. Our response to the crisis has centred around three main objectives – creating a safe work environment for our employees, assisting with the sustainability of the macro-economy, and keeping the PPC Group operational. Complete lockdowns were imposed in two of the regions where we operate, while softer lockdowns in certain regions where we operate were announced during April 2020. However, our lime and Mooiplaas plants in South Africa could continue to operate as essential services with government-issued permits. Our finance team prepared a liquidity projection, focusing exclusively on the preservation of cash in the coming months and taking into consideration the possibility of extended lockdown periods, or rolling lockdowns, in the regions where we operate. The board also considered amendments to the FY21 budget in light of South Africa’s sub-investment status downgrade. Adjustments to annual salaries, due in April 2020, were postponed until the lockdown had been lifted and management engaged extensively with unions on the matter. Generally, the measures proposed were well received, with employees understanding and accepting the proposals and cooperating with management in the crisis. In addition, and post consultation with our South African employees, we successfully applied for a three-month pension fund holiday. Improvements to our remuneration practices will always remain top-of-mind. The board is committed to ensuring that the Group’s remuneration policy adequately addresses the remuneration and benefit principles and risks associated with it. Furthermore, together with remco, the board oversees the effective implementation of the policy to support decision-making, ensuring that it is consistent with PPC’s risk appetite and does not induce excessive or inappropriate risk-taking. After careful consideration, this year, we simplified the concepts and targets of our FY21 LTIP and STI schemes to ensure they are more widely understood and strategically aligned.</td>
<td></td>
</tr>
</tbody>
</table>
| | | | More information is detailed in our remuneration report on page 89.
**Corporate Governance Review**

**Induction of New Directors**
New directors undergo a formal and holistic induction and orientation programme facilitated by the Company secretary. This allows these directors to deepen their understanding of PPC, its operations, the business environment and markets in which PPC operates, as well as sustainability issues relevant to the Company. New directors are therefore able to make a meaningful contribution as quickly as possible.

**Ongoing Directors’ Training**
We also provide ongoing training to our directors, as and when appropriate, and encourage directors to attend the professional development programmes facilitated by the Institute of Directors South Africa (IoDSA). This year, as part of their training programme, our directors conducted a site visit to our Slurry plant – focusing on the physical mining and cement manufacturing processes. Various heads of departments provided an operational overview of their respective day-to-day activities and oversight responsibilities.

The results from the evaluation of our board and its committees in FY20 (more information below) further identified training needs for our directors, and a formal training programme will be rolled out in FY21.

**Board and Committee Evaluation**
We evaluate the effectiveness of our board committees as required by legislation or best governance practices. The board, as a collective and individually, is assessed at least every two years. To this end, in FY20 PPC appointed the IoDSA as an independent service provider to evaluate the performance of our board and its committees, as well as individual directors.

The IoDSA’s evaluation took place over two months, after which feedback was provided to the various committees. Furthermore, one-on-one meetings were held between directors and our chair to discuss individual evaluation outcomes.

**Key takeaways from the FY20 evaluation**
Overall, the IoDSA’s evaluation concluded that the board and its committees were performing effectively, and that our chair is held in high regard by his fellow board members. The evaluation highlighted the importance of focusing on achieving our strategic objectives – especially under the current macro-economic conditions – and keeping abreast of changes in our regulatory environment. Stakeholder management and bolstering the visibility of industry bodies in matters of mutual concern (such as imports and quality of products) was also highlighted as a key area of focus.

In strengthening our operational and governance challenges, the board already implemented significant changes, including building a competent and capable executive team, enhancing our Group governance framework and improving the combined assurance framework to monitor our operations in our local and international operations (which will be further strengthened in FY21), and improving our financial reporting processes.

The results of the evaluation of our committees were also satisfactory when considering their composition, skills and expertise when discharging their responsibilities.
**KEY FOCUS AREAS CONSIDERED DURING OUR FY20 BOARD EVALUATION**

| **Composition** | The current composition of our board was found to be appropriately balanced. Over and above an annual training day for our board, we will also introduce a 30-minute training session as a standing agenda item for board meetings to address matters such as corporate governance, sustainability, risk and compliance. New directors’ induction will be enhanced by exposing them to operational aspects and the complexities of the Group. |
| **Culture** | Our board promotes a culture of openness and debate among directors, senior management and heads of control functions. The evaluation highlighted three areas for improvement – the quality of information provided to directors, timing of delivery of information, and communication between management and the board. New appointments to management – such as our CEO, CFO and Company secretary – will improve our overall performance in these areas. |
| **Roles and responsibilities** | Overall, the roles and responsibilities within the board structure are clearly defined. The Company secretary is tasked with reviewing and updating our Group governance framework. Going forward, the Group will focus on updating information technology (IT) systems to support business and financial reporting objectives and requirements, as well as implementing the risk governance framework and updated delegation of authority. |
| **Roleplayers** | Generally, interaction and delegation between the board and newly appointed executive management improved. While the board has not yet considered succession planning at executive management level, ensuring that there is enough bench strength within the organisation, especially for key roles, was acknowledged as a key focus area by our directors. Our chair has a clear understanding of the roles of non-executive and executive directors, as well as the support needed from the board’s committees. |

**ACCESS TO MANAGEMENT AND INDEPENDENT ADVICE**

The board has unrestricted direct access to management and all Company information required to enable it to monitor progress and evaluate the performance of PPC. With prior notification to the chair, directors may obtain independent advice on matters within the board’s mandate at the expense of the Company. A formal mandate is entered into between such independent adviser and the Company, which is facilitated by the Company secretary.

**ENSURING OUR LEGITIMACY**

As part of its oversight role, our board has adopted a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of PPC over time. The board delegated the responsibility of stakeholder management to setco (whose report is detailed on page 80). PPC’s approach to stakeholder relations aims to understand and proactively respond to legitimate stakeholder concerns, and is therefore managed as a strategic intervention based on overarching Group principles.

We recognise that stakeholder engagement is a vital part of decision-making and accountability. Our stakeholder engagement function aims to provide principles of engagement by which the Company can interact with all stakeholders. We acknowledge that a well-designed and executed stakeholder strategy is critical to defending the Group’s position now and in the future.

The board is ultimately responsible for ensuring that PPC is, and is seen as, a responsible corporate citizen. To support the board in this objective, it delegated to setco the responsibility of monitoring activities to ensure PPC is a good corporate citizen, such as those matters relating to PPC’s ethical, environmental and social performance. This is based on a group-wide approach, where applicable, and includes, among others:

- Promoting equality and preventing unfair discrimination and corruption
- Contributing to the development of the communities in which our activities are predominantly conducted, as well as where our products or services are predominantly marketed
- Recording sponsorships, donations and charitable giving
- Ensuring that PPC is not complicit in human rights abuses
- Respecting democratic principles and institutions, popular participation, the rule of law and good governance

At least every second year, exco and each board committee review PPC’s policies that fall within their approved mandate and are designed to achieve responsible corporate citizenship, as well as the shared value and business objectives of the Company.

For more information on how PPC ensured responsible corporate citizenship, refer to page 24.

For more information on stakeholder management, refer to page 23.
AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

The committee comprises at least three NEDs elected by shareholders during the AGM on the recommendation from nomco. All members of the ARCC are independent NEDs with the appropriate qualifications. Furthermore, the chair of the board is not eligible to chair the ARCC.

Chair of the audit, risk and compliance committee
Mark Thompson

Membership as at 31 March 2020

<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting attendance</th>
<th>Appointed to committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>M Thompson (chair)</td>
<td>10/10</td>
<td>19 July 2019</td>
</tr>
<tr>
<td>N Gobodo (1)</td>
<td>10/10</td>
<td>7 March 2017</td>
</tr>
<tr>
<td>N Mkhondo</td>
<td>10/10</td>
<td>25 March 2019</td>
</tr>
</tbody>
</table>

Attendees by invitation
CEO
CFO
Head of Group internal audit
Senior financial executives
Representatives from the external auditor

(1) Ms Nonkululeko Gobodo served as chair of the ARCC until 29 August 2019. Mr Mark Thompson was appointed as chair on the same day.
(2) Five meetings held to 31 March 2020 and five additional meetings held up to the publication of the annual financial statements.

For detailed qualifications and experience of our committee members, refer to page 10.

KEY ACTIVITIES AND FOCUS AREAS DURING THE YEAR

EXTERNAL AUDIT

› Considered Deloitte’s independence and recommended to shareholders the firm’s reappointment as PPC’s external auditor for FY20
› Assessed Mr Patrick Ndlovu’s credentials and experience, and approved his appointment as the designated audit partner, replacing Mr Andrew Mashifane
› After giving due consideration, decided not to proceed with early adoption of the audit firm rotation framework, which will be effective from FY23
› Considered the key audit matters reported during the FY19 external audit process, and ensured that these were considered as part of the FY20 external audit
› Reviewed and approved the scope of work and annual plan for the FY20 external audit, along with the proposed fee

NON-AUDIT SERVICES

› Satisfied itself that all non-audit-related services by the external auditor were carried out in accordance with PPC’s non-audit services policy, which governs the nature and extent of any non-audit services that may or may not be provided by the Group’s external auditor

INTERIM RESULTS AND AFS

› Reviewed and recommended for approval by the board the interim results, annual financial statements (AFS), short-form announcements and accompanying reports to shareholders and other announcements on the Group’s FY20 results to the public
› Oversaw the preparation of PPC’s AFS in terms of the IFRS and other appropriate standards as required by the JSE
› Noted the serious shortcomings in the Group’s financial reporting processes, internal financial controls, accounting systems and practices which emerged during the year, remediation of which will be a key focus area for the committee in the forthcoming year
Reporting

- Oversaw and recommended improvements to the integrated reporting process

Internal Audit

- Ensured that the internal audit function is independent and adequately resourced and qualified, taking into account its internal audit plan, mandate and budget
- Considered various internal audit reports and significant audit findings and the relevant management comments and remediations
- Reviewed the performance of PPC’s head of Group internal audit, Ms Candice Putzier, which was found to be satisfactory

CFO and Finance Function

- Satisfied itself that PPC’s CFO, Ms Ronel van Dijk, is suitably qualified and experienced, and had adequately discharged her duties
- Examined the effectiveness of PPC’s financial reporting function, and noted that there were significant shortcomings in the expertise and resources of this function
- Will oversee development and implementation of a comprehensive plan to bolster the Group’s finance function, improve internal financial controls, reporting processes, and accounting systems

Governance

- Underwent an evaluation by the IoDSA
- Conducted an internal review of PPC’s internal governance structures
- Initiated a process of redesigning the Group governance framework, as well as improving a Group combined assurance framework and systems
- Recommended the treasury financial risk management policy to the board for approval
- Reviewed and oversaw an overhaul of the Group’s enterprise risk management processes, compliance risk management plans and business continuity plans

Our Focus Areas for FY21

- Ongoing focus on overseeing required improvements to PPC’s finance function
- Ongoing monitoring of the Group’s internal audit function, identifying ways in which to improve processes and enhance the tracking and monitoring of the key matters raised
- Further strengthening internal governance structures by adopting a redesigned five-pillar governance framework
- Update our delegation of authority policy by considering the requirements of our international segments
- Oversee the drafting and implementation of a compliance framework to integrate the Group’s assurance activities throughout all departments
- Address the areas highlighted during the evaluation by the IoDSA, including:
  - Improving communication between the CFO and the committee during the external audit process
  - Implementing documented processes and policies to improve the internal financial controls

The ARCC is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for FY20 and its statutory duties. For our detailed ARCC report, please refer to our AFS, which can be accessed on our website at www.ppc.africa.

Related Material Risks

- Group capital structure
- Prolonged contraction of South African construction activities
- Regulatory environment across all jurisdictions
- Company governance and control framework
- Access to the latest innovation and technology, combined with capability building

Related Stakeholders

- Shareholders and lenders
- Regulators
- Employees
- Customers
- Suppliers
SOCIALLY, ETHICS AND TRANSFORMATION COMMITTEE REPORT

The committee comprises of three independent directors and one executive director, all with the required skills and experience to fulfil their duties pertaining to the Company’s matters, business and sectors.

Chair of the social, ethics and transformation committee
Nonkululeko Gobodo

Membership as at 31 March 2020

<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting attendance</th>
<th>Appointed to committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>N Gobodo (chair)</td>
<td>4/4</td>
<td>10 November 2017</td>
</tr>
<tr>
<td>J Moleketi</td>
<td>4/4</td>
<td>16 March 2018</td>
</tr>
<tr>
<td>M Gumbi</td>
<td>4/4</td>
<td>2 December 2019</td>
</tr>
<tr>
<td>R van Wijnen</td>
<td>2/2</td>
<td>6 November 2019</td>
</tr>
</tbody>
</table>

Attendees by invitation
CFO
Head of HR or other members of senior management
Assurance providers
Professional advisers
Board members

For detailed qualifications and experience of Setco members, refer to page 10.

KEY ACTIVITIES AND FOCUS AREAS DURING THE YEAR

GOVERNANCE OF ETHICS

> Considered the risks highlighted in the 2019 South African Business Ethics Survey conducted by The Ethics Institute and how this relates to PPC
> Reviewed the appropriateness of PPC’s HR department managing the ethics function, and found no conflicts of interest
> Approved the Group’s code of conduct
> Established a whistleblowing committee to:
  – Monitor the tip-offs line
  – Receive feedback on all ongoing investigations
  – Assess new matters reported internally or through the tip-offs line
  – Allocate matters for internal investigation by a committee member or, depending on the severity of the allegations, referring matters to an external party for investigation
> Reviewed and recommended a whistleblowing policy to the board for approval
> Reviewed and approved the whistleblowing committee’s terms of reference

RESPONSIBLE CORPORATE CITIZENSHIP

> Approved the overall policy concept and compliance framework, as well as the business ethics policy, bullying and harassment policy, health and safety policy, and environmental policy, among others, during the period under review
> Focused on promoting equality and preventing unfair discrimination by identifying steps to remedy any gaps in terms of pay disparities, the minimum living allowance and gender equality
> Oversaw CSI initiatives aimed at developing the communities around PPC’s operations
> Oversaw the Company’s sustainability performance, particularly matters relating to health and safety, people, environment and energy, water management, and social responsibility
> Monitored the Company’s activities and compliance with relevant legislation in respect of the environment, health and public safety, including the impact of the Company’s activities, products and services

CULTIVATING AND MANAGING OUR TALENT

> Completed the restructuring of our head office
> Approved the employee value proposition (EVP) framework
> Trained 170 culture change ambassadors to implement the Group culture change plans, and reflected on PPC’s progress against these plans
> Introduced a coaching programme for our exco
> Completed the first phase of our 360-degree leadership assessments, aimed at leaders on a strategic level
> Conducted a fully integrated employee engagement survey during the last quarter of 2020 to ascertain, among others, the level of employee engagement and the climate within PPC (due to COVID-19, the results of the survey were delayed)

For more information on our people, refer to our environment and social supplementary report.
MANAGING STAKEHOLDER RELATIONSHIPS

- Developed a stakeholder engagement framework for our international operations
- Reviewed the implementation of the approved stakeholder engagement framework throughout the Group
- Adopted Isometrix as a tool to capture stakeholder engagement activities
- Engaged with stakeholders on the impact of COVID-19, specifically local communities and regional government, to provide poverty relief during lockdowns in Zimbabwe, Rwanda and the DRC
- From an imports perspective, engaged with stakeholders on how to sustain the industry
- Identified stakeholder issues that needed to be elevated to the board for further consideration

For more information on our stakeholder engagements, refer to page 23.

TRANSFORMATION

The transformation element under setco’s approved terms of reference is applicable to the South African operations, to ensure compliance with the BBBEE code.

- Approved an enterprise and supplier development (ESD) policy aligned with PPC’s business strategy and objectives, as well as an inclusive procurement policy that incorporates aspects of the 2018 mining charter and its implementation guidelines
- Developed a new employment equity (EE) plan for the next five years, and monitored compliance and progress against this plan
- Considered PPC’s black economic empowerment (BEE) strategy plan and revised the internal BEE structure
- Monitored our skills development plans and specifically:
  - Incorporated the youth empowerment programme sponsored by the President into our transformation agenda
  - Evaluated our internal skills development needs and established development plans for our employees to align with our EE plan
- Evaluated our enterprise development initiatives, with particular focus on our route-to-market strategies and our interactions with our customers
- Reviewed the 2018 Mining Charter and its implementation guidelines, and considered PPC’s compliance with the elements of the weighted scorecard
- Engaged with the BBBEE Commissioner on various matters and, subsequently, aligned our processes and strategic intent to comply with the construction sector scorecard going forward
- Implemented SLPs in compliance with the requirements of the DMRE, with particular focus on education and youth development
- Reviewed an analysis of PPC’s employee housing policy conducted by management
- Evaluated PPC’s compliance in terms of its contributions to socio-economic development (SED)
- Reviewed the status of PPC’s BEE 1 and BEE 2 share schemes and overseeing the winding up thereof
- Oversaw the Olegra divestment as part of our continuous empowerment journey

OUR FOCUS AREAS FOR FY21

- Consider the implementation of a consolidated ethics framework and strategy throughout PPC, as well as conducting a group-wide employee ethics survey
- Oversee any investigations reported to the whistleblowing committee
- Conduct biannual surveys to measure the effective implementation of culture change initiatives
- Initiate the second phase of our 360-degree leadership competency assessments
- Close any gaps identified from our leadership competencies assessment
- Address any gaps identified by our employee engagement survey, including the implementation of action plans over the next two years
- Update the stakeholder engagement framework for Ethiopian operations
- Refine our messaging to our stakeholders, and how this relates to our brand
- Capture our engagements with stakeholders to track our progress on a quarterly basis
- Incorporate the UN Global Compact principles and OECD recommendations in our policies and procedures.
- Oversee the Group’s public relations, communication, media relations and corporate branding
- Appoint a dedicated person within our South African cement business responsible for consolidating and overseeing PPC’s BBBEE compliance
- Investigate and approve effective and efficient BEE transactions that will empower participants and satisfy the DMRE

Setco is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for FY20. For our detailed setco report, refer to our environment and social supplementary report, accessible on our website at www.ppc.africa.

RELATED MATERIAL RISKS

- Substandard cement quality and imports
- Regulatory environment across all jurisdictions
- Credibility to external stakeholders
- Increased focus from governments and NGOs on the environmental impact of cement production and the use of concrete
- Consistent application of the basics in performance management and employee engagement

RELATED STAKEHOLDERS

- Shareholders and lenders
- Regulators
- Employees
- Organised labour
- Customers
- Communities, NGOs and academic institutions
- Suppliers
- General public
NOMINATIONS COMMITTEE REPORT

The committee comprises at least three NEDs, the majority of whom are independent, with the required skills and experience to fulfil their duties pertaining to the committee’s matters, as well as PPC’s business and sector.

Chair of the nominations committee
Jabu Moleketi

Membership as at 31 March 2020

<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting attendance</th>
<th>Appointed to committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>PJ Moleketi (chair)</td>
<td>4/4</td>
<td>16 March 2018</td>
</tr>
<tr>
<td>N Mkhondo</td>
<td>3/4</td>
<td>16 March 2018</td>
</tr>
<tr>
<td>T Moyo</td>
<td>4/4</td>
<td>13 October 2016</td>
</tr>
</tbody>
</table>

Attendees by invitation
CEO

For detailed qualifications and experience of our committee members, refer to page 10.

KEY ACTIVITIES AND FOCUS AREAS DURING THE YEAR

- Considered and reviewed the composition of subsidiary boards and the degree of representation of PPC exco representatives on these boards
- In its efforts to ensure the board has the appropriate composition for it to execute its duties effectively, the following changes were noted:
  - Ms Tryphosa Romano resigned as CFO during the year under review
  - As previously reported, Mr Mark Thompson was appointed as a NED and chair of the ARCC
  - Mr Johannes Claassen retired as executive director and CEO with effect from 30 September 2019
  - After an extensive search, Mr Roland van Wijnen was appointed as executive director and CEO for a four-year term commencing on 1 October 2019
  - Ms Ronel van Dijk was appointed as interim CFO during November 2019 and was appointed permanently on completion of her temporary contract on 31 July 2020
- Considered the rotation of the board at the AGM, and recommended the re-election and appointment of Ms Nonkululeko Gobodo, Mr Anthony Ball and Mr Charles Naude
- Oversaw the appointment of Ms Kristell Holtzhausen as the new Group Company secretary
- Approved the appointment of the IoDSA to conduct an annual evaluation of the board, its committees and directors
- Reviewed, approved and recommended to the board new committee membership in line with the requirements of the Companies Act and King IV
- Reviewed and approved policies within its mandate, including the director appointment policy, directors joining other boards policy, directors’ interests policy and the directors’ diversity policy
OUR FOCUS AREAS FOR FY21

> Strengthen succession planning for board and senior management positions
> Develop an informed Group succession plan that incorporates the alignment of transformation targets and the overall objective of increasing our talent pipelines
> Induction and ongoing training and development of junior, as well as incoming directors

> Consider the diversity of the board in terms of skills, experience, gender and race, and implementing changes where required
> Evaluate director independence
> Evaluate the performance of Mr van Wijnen in his capacity as CEO

Nomco is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for FY20. The committee’s terms of reference can be accessed on www.ppc.africa.

RELATED MATERIAL RISKS

> Regulatory environment across all jurisdictions
> Credibility to external stakeholders
> Consistent application of the basics in performance management and employee engagement

RELATED STAKEHOLDERS

> Shareholders and lenders
> Regulators
> Employees
The committee comprises at least three NEDs, the majority of whom are independent, with the required skills and experience in remuneration matters, as well as PPC’s business and sector.

Chair of the remuneration committee
Anthony Ball

Membership as at 31 March 2020

<table>
<thead>
<tr>
<th>Membership as at 31 March 2020</th>
<th>Meeting attendance</th>
<th>Appointed to committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC Ball (chair)(^{(1)})</td>
<td>1/1</td>
<td>10 December 2019</td>
</tr>
<tr>
<td>T Moyo(^{(1)})</td>
<td>4/4</td>
<td>16 May 2016</td>
</tr>
<tr>
<td>CH Naude</td>
<td>4/4</td>
<td>26 March 2016</td>
</tr>
</tbody>
</table>

Attendees by invitation
CEO
CFO
HR
External auditor
Group executive finance and business support

\(^{(1)}\) Mr Todd Moyo was chair of remco until 10 December 2019. Mr Anthony Ball was appointed as chair on the same day and stepped down as chair on 18 June 2020 on his appointment as executive director. Mrs Noluxuyo Mkhondo was appointed as a member and chair of the remco, replacing Mr Anthony Ball on 18 June 2020.

\(\) For detailed qualifications and experience of setco members, refer to page 10.

KEY ACTIVITIES AND FOCUS AREAS DURING THE YEAR

- Tabled PPC’s remuneration policy and implementation report at the AGM for non-binding advisory votes
- Approved the appointment of PwC Inc (PwC) as independent advisers to the committee, on an ad hoc basis, for a period of three years
- Considered the latest executive reward best practice and trends in the market
- Monitored the overall cost of remuneration structures within PPC, including:
  - Considering and approving salary increases for exco and prescribed officers, along with assumptions on salary increase provisions for FY21 to FY23
  - Considering the annual increase proposal, and approving an 18-month increase cycle for management and general employees
  - Recommending the salary increases of NEDs that were presented at the AGM for approval by shareholders
- Reviewed PPC’s incentive schemes, and:
  - Resolved that no STI be paid for FY19
  - Considered a simplified STI for FY20, which was approved by the board
  - Considered exco’s decision not to award any long-term incentives, formerly forfeitable share plan awards, in FY20
  - Approved LTIP and STI targets for FY21
- Considered independent market benchmarks relating to exco remuneration, NEDs’ fees, as well as executive directors and prescribed officers’ total remuneration
- Considered malus and clawback clauses for inclusion in relevant agreements, incentives and executive contracts

Chapter 7: CREATING SUSTAINABLE VALUE THROUGH TRANSPARENT ACCOUNTABILITY
Ensured that the contracts with the incoming CEO, interim CFO, incoming CFO and outgoing CFO were concluded within the framework of the remuneration policy and philosophy

Considered and approved the remuneration package of the new CEO and outgoing CEO, and recommended it to the board to be ratified

Ratified and recommended the outgoing CFO’s agreement, as well as the fixed-term and permanent contract of the new CFO, to the board for approval

Aligned the Group annual increases with the financial calendar, whereby management engaged with the unions in offering a small percentage increase during September 2019 and the balance to be effected on 1 April 2020

Due to the COVID-19 pandemic, annual increases and STI payment were deferred to preserve cash, after successful negotiations with unions and employees. Management undertook to revisit the potential payment of increases and STIs once the long-term impact of COVID-19 has been evaluated

Proposed to the board, due to the current market conditions and impact of COVID-19, that NEDs’ fees not be increased for FY21, with the undertaking to review these fees in January 2021, which will then be effective from 1 April 2021 in line with the Group’s annual increase calendar

OUR FOCUS AREAS FOR FY21

Finalise vesting and issuance of LTIP FY18 retention shares

Review and approve new and enhanced STI plan (STIP) and LTIP

Implement a formal induction process and annual training programme

Improve shareholder engagement

Introduce a fair and ethical pay and gender disparity framework

Remco is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for FY20. The committee’s terms of reference can be accessed on www.ppc.africa.

Our detailed remuneration report is included on pages 89 to 107, and shareholders will be requested to pass a non-binding advisory vote on this policy at the FY20 AGM, to be held on 16 November 2020.

RELATED MATERIAL RISKS

- Credibility to external stakeholders
- Consistent application of the basics in performance management and employee engagement

RELATED STAKEHOLDERS

- Shareholders and lenders
- Regulators
- Employees
INVESTMENT COMMITTEE (IC) REPORT

The committee comprises at least three NEDs, the majority of whom are independent, with the required skills and experience.

Chair

Charles Naude

Membership as at 31 March 2020

<table>
<thead>
<tr>
<th>Name</th>
<th>Meeting attendance</th>
<th>Appointed to committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>CH Naude (chair)</td>
<td>4/4</td>
<td>9 May 2016</td>
</tr>
<tr>
<td>A Ball</td>
<td>4/4</td>
<td>16 March 2019</td>
</tr>
<tr>
<td>M Thompson</td>
<td>2/2</td>
<td>1 August 2019</td>
</tr>
</tbody>
</table>

Attendees by invitation

CEO
CFO
Head of treasury and corporate finance
Managing directors of various business units

For detailed qualifications and experience of our committee members, refer to page 10.

KEY ACTIVITIES AND FOCUS AREAS DURING THE YEAR

- Approved the investment framework for inclusion in the Group finance policy manual
- Reviewed and recommended its terms of reference and annual work plan to the Board for approval
- Considered and evaluated potential investments, acquisitions, divestments and joint ventures
- Considered the cost effective improvement in efficiencies of business units
- Considered evaluation of competitive strategies where delegated by the Board
- Reviewed post-project audits on major CAPEX and investments where applicable
- Reviewed the Group’s liquidity specifically with regard to potential investments, improvement projects and CAPEX requirements
- Considered material matters for inclusion in the integrated report

OUR FOCUS AREAS FOR FY21

- Consider the impact of the Group’s recapitalisation project on the operations
- Oversee the overall improvements of internal operations and processes as it relates to the committee mandate
- Consider potential investments, acquisitions, divestments and joint ventures
- Post-project audits to evaluate achievement of investment objectives
- Oversee the Groups capital expenditure budget to maximise free cash flow while ensuring sustainable operation and maintenance of the Group assets
- Conduct an internal committee evaluation and address any identified gaps

The IC is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for FY20. The committee’s terms of reference can be accessed on www.ppc.africa.

RELATED MATERIAL RISKS

- Group capital structure
- Prolonged contraction of South African construction activities
- Creditability to stakeholders

RELATED STAKEHOLDERS

- Shareholders and lenders
- Governments and regulators
- Customers
INDEPENDENT LIMITED ASSURANCE REPORT
to the directors of PPC Ltd

We have performed our limited assurance engagement in respect of the key performance indicators for the year ended 31 March 2020.

The subject matter comprises the selected key performance indicators conducted in accordance with management’s basis of preparation, as supported by the GRI Sustainability Reporting Standards (GRI Standards), as prepared by the responsible party, during the year ended 31 March 2020.

The terms of the GRI Standards and management’s basis of preparation comprise the criteria by which the Company’s compliance is to be evaluated for purposes of our limited assurance engagement. The key performance indicators are as follows:

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Key Performance Indicator</th>
<th>Boundary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOCIAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8</td>
<td>Information on employees and other workers</td>
<td>South Africa (excluding Pronto, Ulula and 3Q) Botswana Zimbabwe</td>
</tr>
<tr>
<td>401-1</td>
<td>New employee hires and employee turnover</td>
<td>South Africa (excluding Pronto, Ulula and 3Q) Botswana Zimbabwe</td>
</tr>
<tr>
<td>102-41</td>
<td>Collective bargaining agreements</td>
<td>South Africa (excluding Pronto, Ulula and 3Q) Botswana Zimbabwe</td>
</tr>
<tr>
<td>403-9</td>
<td>Work-related injury</td>
<td>South Africa (excluding Pronto, Safika, Ulula and 3Q) Botswana Zimbabwe</td>
</tr>
<tr>
<td>403-10</td>
<td>Work-related ill health</td>
<td>South Africa (excluding Pronto, Safika, Ulula and 3Q) Botswana Zimbabwe</td>
</tr>
<tr>
<td>404-1</td>
<td>Average hours of training per year per employee</td>
<td>South Africa (excluding Pronto, Ulula and 3Q) Botswana Zimbabwe</td>
</tr>
<tr>
<td>405-1</td>
<td>Diversity of governance bodies and employees</td>
<td>South Africa (excluding Pronto, Ulula and 3Q) Botswana Zimbabwe</td>
</tr>
<tr>
<td>413-1</td>
<td>Operations with local community engagement, impact assessments, and development programs</td>
<td>South Africa</td>
</tr>
<tr>
<td>419-1</td>
<td>Non-compliance with laws and regulations in the social and economic area</td>
<td>Group</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>302-1</td>
<td>Energy consumption within the organisation</td>
<td>PPC SA Cement</td>
</tr>
<tr>
<td>305-1</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>PPC SA Cement</td>
</tr>
<tr>
<td>305-2</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>PPC SA Cement</td>
</tr>
<tr>
<td>305-7</td>
<td>Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions</td>
<td>South Africa (excluding Pronto and Safika)</td>
</tr>
<tr>
<td>307-1</td>
<td>Non-compliance with environmental laws and regulations</td>
<td>Group</td>
</tr>
<tr>
<td><strong>ECONOMIC</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>201-1</td>
<td>Direct economic value generated and distributed</td>
<td>Group</td>
</tr>
</tbody>
</table>

DIRECTORS’ RESPONSIBILITY
The directors being the responsible party, and where appropriate, those charged with governance are responsible for the key performance indicator information, in accordance with the GRI Standards and management’s basis of preparation.

The responsible party is responsible for:
- ensuring that the key performance indicator information is properly prepared and presented in accordance with the GRI Standards and management’s basis of preparation;
- confirming the measurement or evaluation of the underlying key performance indicators against the applicable criteria, including that all relevant matters are reflected in the key performance indicator information and;
- designing, establishing and maintaining internal controls to ensure that the key performance indicator information is properly prepared and presented in accordance with the GRI Standards and management’s basis of preparation.

ASSURANCE PRACTITIONER’S RESPONSIBILITY
We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historic Financial Information. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the key performance indicators of the engagement.

We shall not be responsible for reporting on any key performance indicator events and transactions beyond the period covered by our limited assurance engagement.
OUR INDEPENDENCE AND QUALITY CONTROL
We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards).

Deloitte applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

SUMMARY OF WORK PERFORMED
We have performed our procedures on the key performance indicator transactions of the Company, as prepared by management in accordance with the GRI Standards and management’s basis of preparation for the year ended 31 March 2020.

Our evaluation included performing such procedures as we considered necessary which included:
> interviewing management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process for the selected subject matter;
> testing the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected subject matter for disclosure in the Integrated Report,
> inspecting supporting documentation and performed analytical review procedures; and
> evaluating whether the selected key performance indicator disclosures are consistent with our overall knowledge and experience of sustainability processes at PPC Ltd.

Our assurance engagement does not constitute an audit or review of any of the underlying information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the key performance indicator information has been properly prepared and presented, in all material respects, in accordance with the GRI Standards and management’s basis of preparation.

LIMITED ASSURANCE CONCLUSION
Based on our work described in this report, nothing has come to our attention that causes us to believe that the key performance indicators are not prepared, in all material respects, in accordance with the GRI Standards and management’s basis of preparation.

OTHER MATTERS
Our report includes the provision of limited assurance on “Occupational Diseases” under GRI Standard, work-related ill health, for the year ended 31 March 2020. We did not assure this KPI for years prior to 31 March 2020.

Deloitte & Touche
Registered Auditors

Per Mark Victor
Partner
26 October 2020

5 Magwa Crescent, Waterfall City, Waterfall
Private Bag X6, Gallo Manor, 2052
South Africa
PART 1: BACKGROUND STATEMENT

DEAR SHAREHOLDER

I am pleased to present the remuneration committee’s (remco) report for the 12 months ended 31 March 2020.

I would firstly like to thank our previous committee chair, Mr Todd Moyo, for his stewardship during his tenure. Mr Moyo will remain a member of the committee and I look forward to his continuous contributions.

The committee determines, on behalf of the board, the Company’s policy on the remuneration of executive directors, prescribed officers and other members of the executive committee (exco). The committee determines the total remuneration packages and contractual terms and conditions for these individuals. The committee also provides oversight of all employee reward to ensure the alignment of reward throughout the Group, approval of the mandate for annual pay increases, as well as the parameters and overall cost of the short-term incentives (STIs) and long-term incentives (LTIPs). The committee’s terms of reference were considered by the committee on 23 March 2020 and approved by the board on 27 March 2020.

In line with King IV and the JSE Listings Requirements, the report is presented in three parts: this background statement (part 1), followed by the company-wide remuneration philosophy and policy with specific focus on the policy as it applies to executive management (part 2) and lastly, implementation of the policy for the 12 months from 1 April 2019 to 31 March 2020 (part 3). Parts 2 and 3 will be put forward for separate non-binding votes at the upcoming AGM.

OUR PERFORMANCE AND SUMMARY REMUNERATION OUTCOMES

As a committee we are focused on ensuring that the reward our senior executives receive, reflects the results of the Company and remains proportionate to the overall employee base and to the returns received by shareholders. We are mindful of the external focus on executive pay and the need to ensure outcomes that are fair and responsible and reported in a transparent manner.

PPC experienced a challenging year mainly due to the impact of the hyper-inflationary environment in Zimbabwe, the longer than planned shutdown during the last quarter of FY19 and continued difficult trading environment in South Africa, as well as the impact of the COVID-19 crisis on the economy. All these factors contributed to PPC’s muted performance for the review period, and are reflected in remuneration outcomes.

Due to the overall subdued business performance no LTI awards were made to any of our employees or executives and none of our LTIs vested. The STI for the period was provided for but deferred to a later date for payment. Our executives received below inflationary adjustments to guaranteed pay while other employees received inflationary pay adjustments.

During the year, we appointed a new CEO and CFO. The incoming CEO received a sign-on share allocation. Contractually, we were obliged to pay certain exit payments to the outgoing CEO and CFO. A detailed breakdown of the payments to all current and former directors and prescribed officers are found in part 3 of this report.

KEY ACTIONS TAKEN AND CHANGES TO THE REMUNERATION POLICY

The Company’s current remuneration policy was approved by 95.97% of shareholders at the FY19 AGM, while our implementation report received the support of 96.71% of our shareholders. Despite the high level of support, remco reviewed the Company’s remuneration policy and variable pay structures and introduced changes to ensure further shareholder alignment. The most notable changes are:

- Adoption of a fair and ethical pay charter and closure of the wage gap which aligned with our principle to pay fairly. We are pleased with the great strides we have taken with wider societal issues and the wellbeing of all our employees (further details are provided below)
- The introduction of malus and clawback to our variable pay – the committee firmly believes in consequence management and that executives should be held accountable for their actions. With the adoption of the malus and clawback, the Company’s approach to good governance emphasises the fact that accountability promotes responsibility
- Simplification of the measures used in our annual STI – we believe simple incentives drive the right behaviour. The new measures used in our annual STI are simple and applied to all employees, reinforcing the principle that as a collective we can achieve better results
- We changed and aligned the annual salary increase cycle to the Company’s year-end period
- Adoption of a new share plan that is 100% performance-based and subject to an overall vesting period of four years – as with the annual STI we have simplified our performance measures. Performance will be measured over a one-year period, followed by another three-year vesting period, totalling an overall four-year period. The length of the performance period of one year was debated at length but considering our weak LTI vesting history, it was felt that performance measured over a one-year period will better motivate our managerial employees. However, an additional three-year vesting period is imposed during which period employees will be shareholders, which will result in direct shareholder alignment. It is the committee’s aspiration that the new long-term incentive plan (LTIP) will yield better vesting results and result in increased levels of share ownership
Remco is pleased to announce that these principles will be rolled out across the Group into all our international operations. Further details on the policy changes can be found in part 2 of this report.

During this period Remco delivered the following:

- **Exco remuneration**
  - Review of the total remuneration against external benchmarks
  - Recommendation of individual remuneration for exco members
  - Reviewed and approved the package and sign-on share award of the incoming CEO
  - Reviewed and approved the exit packages of the former CEO and CFO
  - Reviewed and considered executive director remuneration best practices to ensure Remco’s current practices remain progressive and relevant

- **Non-executive director (NED) remuneration**
  - Reviewed and benchmarked the fees for onward approval by the board and shareholders

- **Group-wide remuneration matters**
  - Review of the group-wide remuneration policy
  - Consideration of fair and responsible pay (see details below)
  - Review of the STI scheme
  - Approval of the new LTIP
  - Adoption of a malus and clawback policy
  - Alignment of the annual increase cycle to the year-end
  - Introduced a performance-based increase model
  - Introduced an independent scorecard deliverable model for STI participation

- **Performance – relating to past performance cycle**
  - Assessment of STI variable remuneration
  - Assessment of performance conditions for the LTIP awards

- **Performance – relating to forthcoming performance cycle**
  - Setting of STI variable targets

- **Compliance**
  - Reviewed and approved the committee’s annual work plan
  - Reviewed and approval of the remuneration report
  - Reviewed and approved the committee’s terms of reference
  - Undertook a effectiveness review of Remco

**WIDER WORKFORCE CONSIDERATIONS AND OUR APPROACH TO FAIRNESS**

During this year the committee actively engaged on the topic of fair, equitable and responsible remuneration and took active steps to close the internal wage gap, which resulted in an increase in STI opportunities for junior level employees. Additionally, a review of the Gini coefficient for all employees per region was performed and the internal wage gap per region was determined. We commenced with discussions for a living wage and a range of initiatives are being considered to actively close the wage gap on a sustainable way between the highest and lowest paid in the Group.

**FUTURE FOCUS AREAS**

Management and Remco will continue to explore opportunities to close the wage gap across the Group, and have committed to review the Gini coefficient on an annual basis to monitor progress made. The salary increase methodology to close the living wage gap has also been refined taking into account employees’ position to market and personal performance. The committee is also exploring opportunities within the variable pay practices to further narrow the wage gap into the future. These focus areas will be assessed by the committee at the end of each financial year.

At the AGM in November 2020, you will be asked to endorse our remuneration policy and the implementation thereof. Your constructive input is valued and appreciated as we continue to improve the remuneration system. On behalf of the remuneration committee I thank you for your continued support and feedback regarding our remuneration framework.

Anthony Ball
Chair of Remco
8 October 2020
PART 2: REMUNERATION POLICY

GOVERNANCE AND REMCO

ROLE OF THE COMMITTEE

As a committee of the board, remco and exco assist in setting the Company’s remuneration philosophy and policy as well as remuneration for directors and prescribed officers. It operates according to its approved terms of reference, published on the Company’s website.

For more detail on these terms of reference, refer to page 89 of the governance report.

MEMBERS

All members are NEDs, the majority of whom are independent as defined by the King Code on Corporate Governance for South Africa, 2016 (King IV). The committee held four meetings in the period, with attendance shown on page 84.

The CEO and Group human resources (HR) executive attend meetings by invitation to assist the committee in executing its mandate. Other members of the executive management can be invited when appropriate. No executives participate in the voting process or are present at committee meetings when their own remuneration is considered.

Remco has appointed PwC as independent advisers and is satisfied that they acted independently.

AUTHORITY LEVELS

Remco acts under delegated authority of the board to determine and set remuneration levels, except for the fees payable to NEDs, which are subject to the approval of shareholders at the AGM. The authority levels are set out below:

<table>
<thead>
<tr>
<th>Remuneration policy including incentive plans and provisions applicable to group-wide employees</th>
<th>CEO</th>
<th>Remco</th>
<th>Board</th>
<th>Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal</td>
<td></td>
<td></td>
<td></td>
<td>Approval</td>
</tr>
<tr>
<td>Prescribed officer remuneration</td>
<td>Proposal</td>
<td></td>
<td></td>
<td>Approval</td>
</tr>
<tr>
<td>Executive director remuneration</td>
<td>Proposal</td>
<td></td>
<td></td>
<td>Approval</td>
</tr>
<tr>
<td>Performance target setting and assessment</td>
<td>Proposal</td>
<td></td>
<td></td>
<td>Approval</td>
</tr>
<tr>
<td>Remuneration report</td>
<td>Proposal</td>
<td></td>
<td>Recommend</td>
<td>Approval</td>
</tr>
<tr>
<td>NED remuneration</td>
<td>Proposal</td>
<td></td>
<td>Recommend</td>
<td>Approval</td>
</tr>
</tbody>
</table>

SHAREHOLDER ENGAGEMENT

Shareholder engagement remains a focus area for the committee. In the event that our remuneration policy (in part 2) or implementation report (in part 3) are voted against by 25% or more of voting rights exercised by our shareholders, the committee will take the following steps as a minimum:

Engage in face-to-face meetings with shareholders to ascertain reasons for dissenting votes
Address legitimate and reasonable objections raised
This may include amending our remuneration policy or clarifying/adjusting our remuneration governance or processes.
The committee is focused on responsible remuneration practices and strives for a fair, living wage for all employees by reviewing salaries and ensuring these remain competitive in the industry. Our industry faces many challenges and we recognise the need to retain our talent to ensure a focused and driven effort to meet shareholder expectations. The Company continuously strives for fair and responsible pay by remaining sensitive to the wage differential between management and lower-income employees in awarding annual salary increases. Accordingly, annual increases for lower-income employees this year exceeded inflation while increases awarded to executives and management employees were inflation linked. PPC also adopted a policy to close the internal Gini coefficient for the Group. Furthermore, minimum entry-level pay for all roles has been set and executive increases are capped to conform to market benchmarks.

The committee’s stance is that “fair” remuneration is impartial and free from discrimination. It is also free from self-interest, prejudice, or favouritism. It is also rational, and not based on an irrational or emotional basis. “Fair” does not mean “the same” and remuneration levels will differ according to a number of factors, such as productivity, performance, skill, experience, risk and complexity, degree of challenge, level of responsibility of decision-making and consequence and impact on the organisation. Equal contributions to performance should, however, be rewarded equally. The Company’s policy on fair and responsible remuneration can be summarised as follows:

### Responsible pay

- All variable pay is subject to the achievement of stretching performance conditions, carefully calibrated and selected by the committee ensuring a close alignment with shareholder value creation over the long term.
- The link between pay and performance is publicly disclosed by the Company in its remuneration report.
- The committee and, ultimately the board, reviews and approves the remuneration of directors and senior management ensuring independence and transparency.
- Although remuneration is benchmarked, affordability is a key consideration in any pay adjustments. Variable pay is subject to reduction (malus) and recoupment (clawback).

### Fair pay

- Proper job profiles are in place for all roles within the organisation, jobs are evaluated in accordance with a robust methodology, and employees are remunerated in accordance with the determined pay scales.
- Our organisation commits to eliminating any existing unfair discrimination/unjustified differentiation within our remuneration dispensation and preventing future practices of discrimination/differentiation.
- Horizontal fairness is applied and employees performing the same or similar job requirements at the same or similar level of performance in the organisation receive the same or similar remuneration.
- Vertical fairness is applied by assessing the pay ratio between the CEO on the one hand, and the pay levels of employees below executive level, on the other hand.
- Pay is well administered with employees paid accurately, on time and in a way that is convenient.
## COMPANY-WIDE REMUNERATION POLICY

Our full remuneration policy can be viewed at [www.ppc.africa](http://www.ppc.africa).

## KEY PRINCIPLES OF THE REMUNERATION POLICY

To meet our business objectives, remuneration and reward policies and practices must support the following principles:

- Encourage organisational, team and individual performance
- Designed to drive a high-performance culture
- Based on the premise that employees should share in the success of the Company
- Be designed to attract and retain high-calibre individuals with the optimum mixture of competencies
- Promote an ethical culture and responsible corporate citizenship
- The remuneration of executive management must be aligned to the market and shareholder interests

## ELEMENTS OF REMUNERATION

<table>
<thead>
<tr>
<th>ELEMENT</th>
<th>DEFINITION</th>
<th>TIME PERIOD</th>
<th>APPLICABLE GRADES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed</strong></td>
<td><strong>Total guaranteed pay (TGP)</strong>  The fixed element of remuneration (TGP) includes salary, car allowance, retirement, life insurance and medical aid contributions.</td>
<td>Delivered in year</td>
<td>Paterson grades F4 – C5</td>
</tr>
<tr>
<td></td>
<td><strong>Base pay plus benefits</strong>  Base pay refers to the cash basic pay and excludes benefits. Benefits are over and above base pay and include the Company’s contribution to medical aid, retirement fund and any other employer funded Group benefits.</td>
<td>Delivered in year</td>
<td>Paterson grades C4 – A1</td>
</tr>
<tr>
<td><strong>Variable</strong></td>
<td><strong>STI</strong>  An annual STI is paid in cash and gives employees an incentive to achieve the Company’s short and medium-term goals, with payment levels based on both Company and individual performance.</td>
<td>One year</td>
<td>All employees Paterson grades F4 – A1</td>
</tr>
<tr>
<td><strong>LTIP</strong></td>
<td><strong>The LTIP is a new performance-based plan. Conditional rights to shares are awarded and will be settled after a one-year period, subject to the achievement of performance conditions. Settled shares remain subject to vesting conditions of continued employment and disposal restrictions for a further three-year period, totalling a vesting period of four years. Cash awards are considered for the international companies, due to exchange control regulations and tax restrictions in delivering shares.</strong> The Company previously operated a forfeitable share plan (FSP) and outstanding awards will come to fruition.</td>
<td>Four years</td>
<td>Paterson grades F4 – D3 and other employees nominated by the executive and approved by remco</td>
</tr>
</tbody>
</table>

The policy conforms to King IV and is based on the following principles:

- Remuneration practices are aligned with corporate strategy
- Total rewards are set at competitive levels in the relevant market
- Incentive-based rewards are earned by achieving demanding performance conditions consistent with shareholder interests over the short, medium and long term
- Incentive plans, performance measures and targets are structured to operate effectively throughout the business cycle
- Is fair and responsible in the context of overall employee remuneration in the Company
- Performance conditions used in variable pay structures support positive outcomes across the economic, social and environmental context in which the Company operates
- The design of the LTIP is prudent and does not expose shareholders to unreasonable financial risk
PAY FOR PERFORMANCE

Our policy for executive directors and prescribed officers means a significant portion of remuneration received depends on Company performance. In part 3, we show actual total pay outcomes for the 12 months ended 31 March 2020, while total pay opportunities for the CEO, CFO, HR executive and prescribed officers (managing directors (MDs)) on average under the following three performance scenarios are illustrated below:

**For threshold performance, an estimated performance achievement of 80% was used for the EBITDA modifier, with 80% threshold achievement on all other business and individual targets. It should be noted that an STI is payable if threshold performance was not achieved for the business score, but an above threshold performance was achieved for the personal score, adjusted with the EBITDA modifier.**

**LTIP includes threshold vesting of conditional shares at 80% vesting.**

**LTIP includes indicative expected value on grant date assuming 100% vesting at target performance.**

**LTIP includes indicative expected value on grant date assuming 120% vesting at exceptional, high potential performance.**

**Average TGP.**
OVERVIEW OF REMUNERATION POLICY

TGP

The Company generally pays fixed remuneration at the relevant market median. Increases are effective 1 April each year.

Monthly pay and benefits are targeted to be competitive for comparable roles in companies of similar complexity and size, taking cognisance of the performance and experience of the employee concerned. Market data is used to benchmark salary and benefits and to inform decisions on salary adjustments. Salary increases are not guaranteed and are adjusted annually based on market benchmarks, market inflation, Company affordability, Company performance and to address market anomalies.

Professional advisers appointed by remco provide annual benchmark information. For executive directors and prescribed officers, a comparator group comprising JSE Limited (JSE) listed companies is used to benchmark TGP. The remainder of the employees are benchmarked against survey data.

EMPLOYEE BENEFITS

The following benefits are provided as part of TGP:

- Participation in the PPC retirement fund is compulsory for all permanent employees. This is an in-house defined contribution fund and provides risk cover for death and disability
- Employees are required to belong to a choice of Company sponsored external medical aids or to be a member of their spouse/life partner’s medical aid
- Employees are covered for death, medical and disability expenses as a result of an accident through a Company sponsored Group accident policy
- Employees who need to use their motor vehicle in their duties can elect to allocate an appropriate portion of their TGP as a car allowance
- Employees who are not on TGP, receive a fixed monthly basic cash salary component – base pay and benefits in addition to base pay. Benefits include the Company contribution to medical aid, retirement fund and any other employer funded Group benefit

STI

Changes for FY21

- New on-target STI percentages have been introduced. In line with PPC’s continued efforts to close the wage gap and with focus on strategic business imperatives, percentages for employees on lower levels were increased while reduced percentages will be applied for more senior employees
- All participants will have an equal weighting between business and personal performance
- Simplified business performance measures will apply
- Payment of any bonus is subject to a Group EBITDA modifier condition at Group level – this will ensure the payment of any bonus across the Group is subject to affordability at a consolidated Group level

Purpose

The STI is designed to reward employees for the Group’s results, the results of their business and their individual performance over a time horizon of one year

Participation

All employees are eligible to participate in the STI

Operation

Annual cash awards based on performance assessment over the given year. The following bonus formula will be used for FY21:

- Annual TGP/basic pay x STI on-target % x [(business performance % x 50%)] + [(personal performance % x 50%)] x EBITDA modifier (actual/budget)
- Remco retains the right to vary the terms of the STI in special circumstances. For example, in previous years, STIs have been reduced on a pro rata basis across all participants to reduce the cost to company in line with lower than expected profits

Opportunity levels

The STI opportunity levels as a percentage of TGP are:

<table>
<thead>
<tr>
<th>Position</th>
<th>Target STI</th>
<th>Maximum STI</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>85%</td>
<td>100%</td>
</tr>
<tr>
<td>CFO</td>
<td>60%</td>
<td>90%</td>
</tr>
<tr>
<td>Prescribed officers</td>
<td>60%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Weighting between business and individual performance

All employees will have an equal weighing of 50% each for business and personal performance
The following business measures and weightings will be used in FY21:

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Weight</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA margin</td>
<td>50%</td>
<td>This will be defined at business unit/country, or Group level</td>
</tr>
<tr>
<td>Free (operating) cash flow</td>
<td>50%</td>
<td>Free (operating) cash flow at business unit/country level, which is</td>
</tr>
<tr>
<td></td>
<td></td>
<td>defined as EBITDA minus (non-cash in EBITDA minus net working</td>
</tr>
<tr>
<td></td>
<td></td>
<td>capital movement minus capital expenditure (capex))</td>
</tr>
<tr>
<td></td>
<td></td>
<td>At Group level, the measurement is free cash flow</td>
</tr>
</tbody>
</table>

**STI targets**

The STI targets for FY21 are usually based on the approved budget of the Company. Due to the unfolding impact of the global pandemic, the remuneration committee has approved the proposal of management to base the targets partially on the original budget and partially on the forecast results. Details on the STI targets will be disclosed with the interim results for FY21.

**EBITDA modifier**

As an additional safeguard, an EBITDA modifier will be applied to the bonus, measured as actual EBITDA relative to budgeted EBITDA. Achievement is measured as actual divided by budget.

**Personal performance**

Personal performance is measured through personal scorecards with objective and subjective measures, including financial and non-financial goals. Personal objectives shall have a definition of on-target achievements, threshold achievement and over-achievement. Actual performance on target counts for 100% achievement, threshold performance for 80% achievement and over-achievement for 120%. Any performance below defined threshold achievement will lead to 0% contribution to the STI, whereby the maximum contribution of each personal objective is 120%.

**LTIP**

**Changes for FY21**

With effect from FY21, the Company will use a new share plan, namely the LTIP, which will incorporate employees from all the international businesses.

**Purpose**

The LTIP is aimed at driving long-term shareholder value creation in a sustainable manner. It rewards the achievement of predefined performance goals over a one-year period with a further three-year vesting period during which shares can be forfeited.

**Operation and instruments**

The LTIP comprises annual conditional awards, all awards; are subject to performance vesting conditions measured over a one-year performance period.

Reference grant values are defined as a percentage of TGP. The number of conditional rights to be granted is determined by dividing the reference value by the share price prior to award date.

Settlement of the conditional awards is one year after grant, subject to achievement of performance conditions, defined prior to grant.

The number of shares to be settled will vary between zero and 120% of the number of awards granted according to achievement against two equally weighted performance measures (see performance measures section below).

Post-settlement, participants will be shareholders, but the shares will be subject to a three-year vesting period during which the shares can be forfeited if employment is terminated under certain conditions. The shares will therefore vest and be released after the four-year vesting period.
Employment contracts – executive directors

Remco, subject to circumstances, will maintain the following policy for executive directors’ employment contracts:

> All executive director and prescribed officer agreements contain a minimum six-month restraint of trade clause
> Contracts should not commit the Company to pay on termination arising from the director’s failure to perform agreed duties
> Employment contracts contain no balloon payments on termination of employment
> If a director is dismissed because of a disciplinary procedure, a shorter notice period should apply without entitlement for compensation for this period
> Contracts should not compensate directors for severance because of change of control

NEDs

APPOINTMENT OF NEDs

NEDs appointed during the year are subject to election by shareholders at the first shareholders’ meeting following their appointment. These directors are also required to retire, according to the board rotation plan.

NEDs’ FEES

The CEO recommends board fees to Remco for approval by the board. This recommendation follows input from independent advisers on benchmark studies based on the same comparator group used for executive directors’ remuneration. PPC pays its NEDs a retainer fee (including attendance at all scheduled meetings) plus an attendance fee for special meetings beyond the scheduled number of meetings. Fees are exclusive of value added tax (VAT).

NON-BOUNDARY ADVISORY VOTE ON PART 2

The remuneration policy will be subject to a non-binding advisory vote at the AGM on 16 November 2020. The policy is reviewed annually, and the opinions of shareholders are an important consideration during these reviews.

NEDs appointment during the year are subject to election by shareholders at the first shareholders’ meeting following their appointment. These directors are also required to retire, according to the board rotation plan.

NEDs’ FEES

The CEO recommends board fees to Remco for approval by the board. This recommendation follows input from independent advisers on benchmark studies based on the same comparator group used for executive directors’ remuneration. PPC pays its NEDs a retainer fee (including attendance at all scheduled meetings) plus an attendance fee for special meetings beyond the scheduled number of meetings. Fees are exclusive of value added tax (VAT).

NON-BINDING ADVISORY VOTE ON PART 2

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Award quantum

<table>
<thead>
<tr>
<th>Level</th>
<th>% of TGP (expected value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>100%</td>
</tr>
<tr>
<td>CFO and other prescribed officers</td>
<td>80%</td>
</tr>
</tbody>
</table>

Performance measures and weighting

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Weight</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price appreciation (total shareholder return (TSR))</td>
<td>50%</td>
<td>To mitigate market volatility in determining the applicable values at the onset and at vesting, a smoothing period will be applied and the end values will be calculated as the average TSR daily index for the 20 trading days up to and including the start date of the performance period and the average TSR daily index for the 60 trading days up to and including the end date of the performance period</td>
</tr>
<tr>
<td>Delta PPC economic value creation (PEVC)</td>
<td>50%</td>
<td>Calculated at Group level</td>
</tr>
</tbody>
</table>

Vesting period

Settled shares will be restricted for a three-year period. During the restricted period, participants are the shareholders of those shares, but shares are subject to (i) disposal restrictions and (ii) continued employment until the release date, where after the shares can be freely disposed of.

If employment is terminated due to fault termination (resignation, dismissal) prior to the release date, the shares will be forfeited. Malus will apply during the four-year vesting period and clawback thereafter for a period of five years.

Dilution

The LTIP is not dilutive to shareholders as it can only be settled by purchasing shares in the market. For participants in African operations, the use of shares could be problematic due to exchange control and tax regulations. Therefore, the LTIP also provides for phantom awards. This means participants in our international businesses will not receive restricted shares at the end of year one, but their originally awarded rights will be adjusted based on performance and settled in cash in year four. Such participants may also be entitled to dividend equivalents (settled in cash) based on the number of awards that vest at the end of the vesting period.

The reference grant values as a percentage of TGP are:

<table>
<thead>
<tr>
<th>Level</th>
<th>% of TGP (expected value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>100%</td>
</tr>
<tr>
<td>CFO and other prescribed officers</td>
<td>80%</td>
</tr>
</tbody>
</table>
PART 3: IMPLEMENTATION OF POLICIES FOR THE REVIEW PERIOD

TGP ADJUSTMENTS (FY20)

Management aligned the annual increase cycle to the Company’s year-end and adopted an 18-month increase cycle from October 2019 to 31 March 2021. Going forward, annual salary increases will be effected in April, taking account of market benchmark movements and Company affordability. Management employees, including prescribed officers, received an average increase of 2% for the six-month period October to 31 March 2020, while non-management and union employees received an average increase of 4.5% based on wage settlements across the Group.

STI OUTCOMES FY20

Target

<table>
<thead>
<tr>
<th>Group EBITDA</th>
<th>Goal = R2 635 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain liquidity headroom above 30% on a monthly basis and improve to above 40% on a sustainable basis at year-end</td>
<td>R1 604 million</td>
</tr>
</tbody>
</table>

None of the financial targets were met and the committee decided to defer any STI payment for the achievement of personal targets. Given the economic outlook the committee anticipates a proposal from management to completely cancel STI payments for FY20 at their meeting in November 2020.

RETENTION BONUSES

The two MDs each received a cash retention amount payable over a period of three years. The details of the first payment that was paid during FY20 are disclosed in the remuneration tables. The retention bonus was paid as a means of protecting our senior talent in the market where the war for executive black talent is rife and also to mitigate the impact of several years of non-vesting of the FSP shares.

LTIPs

In line with the disclosure format recommended by King IV, the following information on LTIs is disclosed:

- FSPs awarded in FY20
- FSPs vesting in FY20
- FSPs settled in FY20
- Outstanding FSPs and share appreciation right (SARs), awarded under the previously used SAR plan

Further details appear in the unvested LTI awards and cash value of settled awards table on page 99.

LTIs AWARDED IN FY20

No LTIPs were awarded during FY20.

LTIs VESTING DURING FY20

No performance shares awarded under the FSP vested during FY20. None of the performance shares vested during FY20 due to the non-fulfilment of the performance conditions. The retention shares will vest post-year-end due to the closed period.

CEO SIGN-ON AWARD

The incoming CEO received an allocation of PPC shares as a sign-on allocation based on his negotiated employment agreement with the board. The sign-on allocation comprised retention shares awarded under the FSP with the following terms:

- Number of shares awarded: 1 311 715
- Price at which shares were awarded: R3,83
- Value at the date of award R5 024 000

The vesting condition is continuous employment, to the vesting date of 1 October 2022. The award is subject to forfeiture if employment is terminated before the vesting date.

EXIT PAYMENTS

The former CEO retired, while the former CFO mutually separated as a good leaver and received the following benefits:

- Contractually agreed amounts in line with their employment contracts, comprising restraint of trade payments, notice payment and leave pay
- 2018 FSP awards: At the time of exit, the CEO and CFO each held one tranche of unvested FSP awards, comprising performance and retention awards. None of the FSP performance conditions have been met, resulting in all the performance awards lapsing. The CEO and CFO were treated as good-leaver terminations in terms of the FSP rules and a portion of their retention awards vested, based on the number of months in employment, relative to the total vesting period
- Cash in lieu of 2019 FSP awards: The CEO and CFO received cash benefits in lieu of their participation in the 2019 FSP awards. The CEO’s and CFO’s performance and retention components were pro rated based on the number of months in employment, relative to the total vesting period.

The details of their benefits are outlined in the remuneration tables.
Remuneration paid to executive directors and prescribed officers for the 12 months ended 31 March 2020 and 31 March 2019

Single figure of remuneration

<table>
<thead>
<tr>
<th>All figures stated in R000</th>
<th>Salary</th>
<th>Retirement and medical contributions</th>
<th>Car allowance</th>
<th>Cash incentive</th>
<th>LTIP reflected(^{(1)})</th>
<th>Other(^{(2)})</th>
<th>Total single figure of remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R van Wijnen(^{(3)})</td>
<td>2020</td>
<td>4 625</td>
<td>–</td>
<td>150</td>
<td>777</td>
<td>–</td>
<td>252</td>
</tr>
<tr>
<td>R van Dijk(^{(4)})</td>
<td>2020</td>
<td>1 813</td>
<td>–</td>
<td>–</td>
<td>217</td>
<td>–</td>
<td>125</td>
</tr>
<tr>
<td>JT Claassen(^{(5,6)})</td>
<td>2020</td>
<td>4 394</td>
<td>742</td>
<td>225</td>
<td>–</td>
<td>1 762</td>
<td>6 760</td>
</tr>
<tr>
<td>MMT Ramano(^{(6,9,1)})</td>
<td>2020</td>
<td>2 357</td>
<td>514</td>
<td>225</td>
<td>–</td>
<td>660</td>
<td>5 164</td>
</tr>
<tr>
<td>MMT Ramano(^{(7,8)})</td>
<td>2019</td>
<td>3 934</td>
<td>849</td>
<td>240</td>
<td>–</td>
<td>–</td>
<td>7</td>
</tr>
<tr>
<td><strong>Prescribed officers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NL Lekula(^{(10,11)})</td>
<td>2020</td>
<td>3 582</td>
<td>529</td>
<td>–</td>
<td>1 283</td>
<td>–</td>
<td>27</td>
</tr>
<tr>
<td>NL Lekula(^{(7,12,13)})</td>
<td>2019</td>
<td>3 479</td>
<td>495</td>
<td>–</td>
<td>–</td>
<td>3 275</td>
<td>4</td>
</tr>
<tr>
<td>JHDLR Snyman(^{(7,14)})</td>
<td>2019</td>
<td>1 752</td>
<td>225</td>
<td>98</td>
<td>–</td>
<td>–</td>
<td>1 993</td>
</tr>
<tr>
<td>M Ramafoko(^{(10,15)})</td>
<td>2020</td>
<td>2 590</td>
<td>460</td>
<td>367</td>
<td>1 083</td>
<td>–</td>
<td>31</td>
</tr>
<tr>
<td>M Ramafoko(^{(8,12)})</td>
<td>2019</td>
<td>2 682</td>
<td>430</td>
<td>367</td>
<td>–</td>
<td>2 764</td>
<td>82</td>
</tr>
<tr>
<td>P Mohlala(^{(16)})</td>
<td>2020</td>
<td>2 453</td>
<td>388</td>
<td>118</td>
<td>–</td>
<td>–</td>
<td>38</td>
</tr>
</tbody>
</table>

\(^{(1)}\) No annual FSP awards were made during FY20.

\(^{(2)}\) Other includes accommodation expenses and cellphone allowances.

\(^{(3)}\) R van Wijnen was appointed as CEO on 1 October 2019. Included under “Cash incentive” is an ad hoc payment of R0,777 million for board and handover purposes prior to permanent employment. Housing allowance is under “Other”.

\(^{(4)}\) R van Dijk was appointed as interim CFO on 1 November 2019. Included under “Cash incentive” is an ad hoc payment of R0,218 million for handover purposes prior to permanent employment. Housing allowance is under “Other”.

\(^{(5)}\) JT Claassen retired as CEO on 30 September 2019, however, received the remuneration until 31 December 2019 for handover purposes. Included under “Other” is leave pay of R1,380 million, R1,785 million for his restraint of trade, notice pay of R3,570 million and R1,762 million in lieu of his participation in the 2019 FSP award, adjusted for time and performance. The time adjustment was based on 13 months for which JT Claassen was employed by the Company in relation to the vesting period and performance was based on 100% vesting for the FSPs without performance conditions and 30% vesting based on interim testing performed as at 31 March 2019, in terms of the rules for the FSPs with performance conditions. The amount of R1,762 million consists of 103 314 FSP retention shares and 154 949 FSP performance shares.

\(^{(6)}\) The performance period of the 2018 FSPs ended on 31 March 2020, however, JT Claassen and MMT Ramano were classified as “no fault terminations” in terms of the rules. The performance awards lapsed as none of the performance conditions were met and accelerated vesting was applied to the retention awards, adjusted for time as included under “LTIP reflected”.

\(^{(7)}\) The performance period of the 2016 SARs ended on 31 March 2019 and are included in the LTIP reflected for 2019 at zero as none of the performance conditions have been met.

\(^{(8)}\) The performance period of the 2016 FSPs ended on 31 March 2019 and none of the performance conditions have been met.

\(^{(9)}\) MMT Ramano mutually separated from PPC as CFO on 31 October 2019. Included under “Other” is her notice pay of R1,286 million, restraint of trade of R3,858 million and R0,660 million in lieu of her participation in the 2019 FSP retention award, adjusted for time. The time adjustment was based on 14 months for which MMT Ramano was employed by the Company in relation to the vesting period. The amount of R0,660 million consists of 65 994 FSP retention shares.

\(^{(10)}\) The performance period of the 2018 FSPs ended on 31 March 2020 and none of the performance conditions have been met.

\(^{(11)}\) Also included under “Cash incentive” is the payment of a cash retention bonus of R1,283 million. The remainder of the cash retention bonus will be paid over the next two financial years.

\(^{(12)}\) FSPs without performance conditions awarded on 17 May 2018 are included in the LTIP reflected for 2019 at the closing share price of R8,81 on that date.

\(^{(13)}\) FSPs without performance conditions awarded on 29 March 2019 are included in the LTIP reflected for 2019 at the closing share price of R4,70 on that date.

\(^{(14)}\) JHDLR Snyman resigned on 31 January 2019. “Other” includes a separation package of R1,989 million.

\(^{(15)}\) Also included under “Cash incentive” is the payment of a cash retention bonus of R1,153 million. The remainder of the cash retention bonus will be paid over the next two financial years.

\(^{(16)}\) P Mohlala became a prescribed officer effective 1 April 2019.
### SCHEDULE OF UNVESTED AWARDS AND CASH FLOW ON SETTLEMENT

<table>
<thead>
<tr>
<th>Names</th>
<th>End of vesting period</th>
<th>Opening number on 1 April 2018</th>
<th>Granted during 2019</th>
<th>Forfeited/lapsed during 2019</th>
<th>Settled during 2019</th>
<th>Closing number on 31 March 2019</th>
<th>Cash value of receipts during 2019(17)</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>R van Wijnen*4</td>
<td></td>
<td></td>
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<tr>
<td>Forfeitable shares – without performance conditions</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13/02/2020</td>
<td>01/10/2022</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
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<td></td>
<td></td>
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<td>–</td>
</tr>
<tr>
<td>JT Claassen*25</td>
<td></td>
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<tr>
<td>Share appreciation rights</td>
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<td></td>
</tr>
<tr>
<td>08/08/2007 cash-settled</td>
<td>08/08/2010</td>
<td>40 000</td>
<td>–</td>
<td>(40 000)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>17/09/2008 cash-settled</td>
<td>17/09/2011</td>
<td>24 000</td>
<td>–</td>
<td>(24 000)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>25/09/2009 cash-settled</td>
<td>25/09/2012</td>
<td>26 000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>26 000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>29/05/2015 equity-settled</td>
<td>19/02/2018</td>
<td>9 374</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>9 374</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>30/08/2016 equity-settled</td>
<td>30/08/2019</td>
<td>314 773</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>314 773</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Forfeitable shares – with performance conditions</td>
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</tr>
<tr>
<td>30/08/2016</td>
<td>30/08/2019</td>
<td>55 700</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>55 700</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>29/03/2019</td>
<td>15/05/2020</td>
<td>577 700</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>577 700</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Forfeitable shares – without performance conditions</td>
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</tr>
<tr>
<td>30/08/2016</td>
<td>30/08/2019</td>
<td>33 400</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>33 400</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>29/03/2018</td>
<td>15/05/2020</td>
<td>115 500</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>115 500</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>BBBEE schemes</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>BEE 2</td>
<td></td>
<td>22 501</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>22 501</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>–</td>
</tr>
<tr>
<td><strong>DJ Castle</strong>46</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Share appreciation rights</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>29/05/2015 equity-settled</td>
<td>30/08/2019</td>
<td>116 718</td>
<td>–</td>
<td>(116 718)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>30/08/2016 equity-settled</td>
<td>30/08/2019</td>
<td>178 168</td>
<td>–</td>
<td>(178 168)</td>
<td>–</td>
<td>–</td>
<td>68 515</td>
<td>–</td>
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<td>68 515</td>
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<tr>
<td><strong>MMT Ramano</strong>47</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td>Share appreciation rights</td>
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<td>29/05/2015 equity-settled</td>
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<td>30/08/2016 equity-settled</td>
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<tr>
<td>Forfeitable shares – with performance conditions</td>
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</tr>
<tr>
<td>30/08/2016</td>
<td>30/08/2019</td>
<td>126 100</td>
<td>–</td>
<td>–</td>
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<td>126 100</td>
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</tr>
<tr>
<td>29/03/2018</td>
<td>15/05/2020</td>
<td>562 200</td>
<td>–</td>
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<td>562 200</td>
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<td>–</td>
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<td>30/08/2016</td>
<td>30/08/2019</td>
<td>75 700</td>
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<td>75 700</td>
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<td>–</td>
</tr>
<tr>
<td>29/03/2018</td>
<td>15/05/2020</td>
<td>112 400</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>112 400</td>
<td>–</td>
<td>–</td>
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<tr>
<td>BBBEE schemes</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEE 2</td>
<td>01/10/2019</td>
<td>372 737</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>372 737</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>–</td>
</tr>
<tr>
<td>Names</td>
<td>Opening number on 31 March 2018</td>
<td>Granted during 2018</td>
<td>Forfeited/lapsed during 2018</td>
<td>Settled during 2018</td>
<td>Cash value of receipts during 2018</td>
<td>Closing estimated fair value at 31 March 2019</td>
<td>Strike price R</td>
<td></td>
</tr>
<tr>
<td>-------</td>
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<td></td>
</tr>
<tr>
<td>MMT Ramano</td>
<td>156,956</td>
<td>–</td>
<td>–</td>
<td>(33,400)</td>
<td>–</td>
<td>133,891</td>
<td>–</td>
<td>n/a</td>
</tr>
<tr>
<td>DJ Castle</td>
<td>542,768</td>
<td>–</td>
<td>(33,971)</td>
<td>(81,529)</td>
<td>–</td>
<td>410,667</td>
<td>–</td>
<td>n/a</td>
</tr>
<tr>
<td>JT Claassen</td>
<td>699,725</td>
<td>–</td>
<td>(22,501)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>544,557</td>
<td>–</td>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>883,937</td>
<td>–</td>
<td>(372,737)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>n/a</td>
</tr>
</tbody>
</table>

(17) Includes the proceeds from awards settled during the year.
(18) The 2018, 2019, 2020 SARs are underwater and therefore included at a zero intrinsic fair value.
(19) The performance conditions for the 2016 FSPs with performance conditions have not been met and are therefore included at zero.
(20) The 2018 FSPs with performance conditions are included at the 20-day year-end volume weighted average price (VWAP) of R1,23 with an estimated 0% vesting in 2019, however, none of these performance conditions were met during 2020.
(21) The 2017 FSPs with performance conditions were awarded on 29 March 2019 and are included at the 20-day year-end VWAP of R1,23 (2019: R4,70) and an estimated 40% (2019: 40%) of performance conditions to be met.
(22) The FSPs without performance conditions are included at the 20-day year-end VWAP of R1,23 (2019: R4,70).
(23) The outstanding tranches of the BBBEE schemes' fair value were estimated as zero as these awards were underwater.
(24) A sign-on award of FSPs without performance conditions was made to R van Wijnen in terms of his negotiated employment contract.
(25) JT Claassen retired on 30 September 2019 and as a result, a portion of his FSPs without performance conditions vested whereas the remainder was forfeited. All of his FSPs with performance conditions and SARs were forfeited/lapsed due to performance conditions not being met.
(26) Due to DJ Castle’s early exit, he forfeited part of his 2015 SARs, 2016 SARs, 2015 FSPs and 2016 FSPs without performance conditions. The balance of his 2016 FSPs without performance conditions vested early on 15 March 2018 and was exercised on 3 October 2018.
(27) MMT Ramano resigned on 31 October 2019 and as a result, a portion of her FSPs without performance conditions vested whereas the remainder was forfeited. All of her FSPs with performance conditions and SARs were forfeited/lapsed due to performance conditions not being met.
(28) JHDLR Snyman resigned effective 31 January 2019. Therefore, a portion of his awards were forfeited while he will keep the remaining awards until it vests.
## Remuneration Report

### Prescribed Officers

<table>
<thead>
<tr>
<th>Names</th>
<th>End of vesting period</th>
<th>Opening number on 1 April 2018</th>
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<th>Closing number on 31 March 2019</th>
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(17) Includes the proceeds from awards settled during the year.
(18) The 2009, 2015 and 2016 SARs are underwater and therefore included at a zero intrinsic fair value.
(19) The performance conditions for the 2016 FSPs with performance conditions have not been met and are therefore included at zero.
(20) The 2018 FSPs with performance conditions are included at the 20-day year-end VWAP of R1,23 with an estimated 0% vesting in 2019, however, none of these performance conditions were met during 2020.
(21) The 2019 FSPs with performance conditions were awarded on 29 March 2019 and are included at the 20-day year-end VWAP of R1,23 (2019: R4,70) and an estimated 40% (2019: 40%) of performance conditions to be met.
(22) The FSPs without performance conditions are included at the 20-day year-end VWAP of R1,23 (2019: R4,70).
(23) The outstanding tranches of the BBBEE schemes’ fair value were estimated as zero as these awards were underwater.
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## PRESCRIBED OFFICERS

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<th>Names</th>
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(1) Includes the proceeds from awards settled during the year.
(2) The 2009, 2015 and 2016 SARs are underwater and therefore included at a zero intrinsic fair value.
(3) The performance conditions for the 2016 FSPs with performance conditions have not been met and are therefore included at zero.
(4) The 2018 FSPs with performance conditions are included at the 20-day year-end VWAP of R1,23 with an estimated 0% vesting in 2019; however, none of these performance conditions were met during 2020.
(5) The 2019 FSPs with performance conditions were awarded on 29 March 2019 and are included at the 20-day year-end VWAP of R1,23 (2019: R4,70) and an estimated 40% (2019: 40%) of performance conditions to be met.
(6) The 2019 FSPs with performance conditions were awarded on 29 March 2019 and are included at the 20-day year-end VWAP of R1,23 (2019: R4,70) and an estimated 40% (2019: 40%) of performance conditions to be met.
(7) The outstanding tranches of the BBBEE schemes' fair value were estimated as zero as these awards were underwater.
(8) A sign-on award of FSPs without performance conditions was made to R van Wijnen in terms of his negotiated employment contract.
(9) JT Claassen retired on 30 September 2019 and as a result, a portion of his FSPs without performance conditions vested whereas the remainder was forfeited. All of his FSPs with performance conditions and SARs were forfeited/lapsed due to performance conditions not being met.
(10) Due to DJ Castle’s early exit, he forfeited part of his 2015 SARs, 2016 SARs, 2015 FSPs and 2016 FSPs without performance conditions. The balance of his 2016 FSPs without performance conditions vested early on 15 March 2018 and was exercised on 3 October 2018.
(11) MMT Ramano resigned on 31 October 2019 and as a result, a portion of her FSPs without performance conditions vested whereas the remainder was forfeited. All of her FSPs with performance conditions and SARs were forfeited/lapsed due to performance conditions not being met.
(12) JHDLR Snyman resigned effective 31 January 2019. Therefore, a portion of his awards were forfeited while he will keep the remaining awards until it vests.
INCREASE IN NEDs’ FEES

No increases are proposed for NEDs’ fees. Please refer to the notice of AGM, which details proposed board fees for FY20.

Remuneration paid to NEDs for the year ended 31 March 2020*

<table>
<thead>
<tr>
<th>Name</th>
<th>Board fees R000</th>
<th>Chair fees R000</th>
<th>Nominations R000</th>
<th>Audit, risk and compliance R000</th>
<th>Remuneration R000</th>
<th>Social, ethics and transformation R000</th>
<th>Investment R000</th>
<th>Special meetings R000</th>
<th>Total R000</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC Ball</td>
<td>288</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>51</td>
<td>101</td>
<td>106</td>
<td>546</td>
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<tr>
<td>N Gobodo</td>
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<td>76</td>
<td>127</td>
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<td>857</td>
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<tr>
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<td>288</td>
<td>1194</td>
<td>101</td>
<td>–</td>
<td>206</td>
<td>–</td>
<td>128</td>
<td>1322</td>
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<tr>
<td>PJ Moleketi</td>
<td>288</td>
<td>72</td>
<td>179</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>64</td>
<td>603</td>
</tr>
<tr>
<td>T Moyo</td>
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<td>102</td>
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<td>76</td>
<td>–</td>
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<td>51</td>
<td>127</td>
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<td>775</td>
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<tr>
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<td>51</td>
<td>149</td>
<td>107</td>
<td>149</td>
<td>106</td>
<td>613</td>
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<tr>
<td>M Thompson</td>
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<td>51</td>
<td>51</td>
<td>–</td>
<td>–</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 992</strong></td>
<td><strong>1 194</strong></td>
<td><strong>198</strong></td>
<td><strong>633</strong></td>
<td><strong>483</strong></td>
<td><strong>307</strong></td>
<td><strong>434</strong></td>
<td><strong>871</strong></td>
<td><strong>6 112</strong></td>
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</table>

Remuneration paid to NEDs for the year ended 31 March 2019*

<table>
<thead>
<tr>
<th>Name</th>
<th>Board fees R000</th>
<th>Chair fees R000</th>
<th>Nominations R000</th>
<th>Audit and compliance R000</th>
<th>Remuneration R000</th>
<th>Social and ethics R000</th>
<th>Investment R000</th>
<th>Special meetings R000</th>
<th>Total R000</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC Ball</td>
<td>288</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>101</td>
<td>21</td>
<td>410</td>
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<tr>
<td>S Dakile-Hlongwane(a)</td>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>51</td>
<td>43</td>
<td>238</td>
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<tr>
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<td>72</td>
<td>237</td>
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<td>–</td>
<td>206</td>
<td>–</td>
<td>1 003</td>
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<tr>
<td>N Goldin(b)</td>
<td>144</td>
<td>–</td>
<td>68</td>
<td>–</td>
<td>51</td>
<td>–</td>
<td>51</td>
<td>399</td>
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<tr>
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<td>–</td>
<td>103</td>
<td>–</td>
<td>51</td>
<td>43</td>
<td>392</td>
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<tr>
<td>NL Mkhondo</td>
<td>288</td>
<td>72</td>
<td>68</td>
<td>–</td>
<td>101</td>
<td>–</td>
<td>51</td>
<td>392</td>
<td></td>
</tr>
<tr>
<td>PJ Moleketi</td>
<td>–</td>
<td>1 194</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1 428</td>
<td></td>
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<td>T Moyo</td>
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<td>–</td>
<td>–</td>
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<tr>
<td>CH Naude</td>
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<td>68</td>
<td>51</td>
<td>101</td>
<td>–</td>
<td>206</td>
<td>821</td>
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<tr>
<td>M Gumbi</td>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>51</td>
<td>–</td>
<td>–</td>
<td>43</td>
<td>433</td>
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<tr>
<td>I Sehoole(d)</td>
<td>216</td>
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<td>136</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>64</td>
<td>416</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 376</strong></td>
<td><strong>1 194</strong></td>
<td><strong>216</strong></td>
<td><strong>645</strong></td>
<td><strong>205</strong></td>
<td><strong>510</strong></td>
<td><strong>359</strong></td>
<td><strong>460</strong></td>
<td><strong>7 073</strong></td>
</tr>
</tbody>
</table>

Notes:
\(a\) Resigned 30 August 2018.
\(b\) Resigned 30 August 2018.
\(c\) Resigned 30 August 2018.
\(d\) Resigned 31 December 2018.
* This table and related information have been audited.
INTERESTS OF EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS IN SHARE CAPITAL

The aggregate direct beneficial holdings of executive directors and their immediate families (none of whom holds over 1%) in the issued ordinary shares of the Company are detailed below. There are indirect holdings by directors and their immediate families.

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares as at 31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roland van Wijnen</td>
<td>4,225,718</td>
</tr>
<tr>
<td>N Lekula</td>
<td>165,762</td>
</tr>
<tr>
<td>M Ramafoko</td>
<td>43,370</td>
</tr>
<tr>
<td>P Mohlala</td>
<td>–</td>
</tr>
</tbody>
</table>

NON-BINDING ADVISORY VOTE ON PART 3

The implementation report will be subject to a non-binding advisory vote at the AGM on 16 November 2020.
CORPORATE INFORMATION

PPC LIMITED
(Incorporated in the Republic of South Africa)
Company registration number: 1892/000667/06
JSE/ZSE code: PPC
JSE ISIN: ZAE 000170049
JSE code: PPC003
JSE ISIN: ZAG000117524
(PPC or Company or Group)

DIRECTORS
PJ Moleketi (chair), R van Wijnen (CEO), AC Ball, N Gobodo, MF Gumbi,
NL Mkhondo, T Moyo, CH Naude, R van Dijk (CFO), MR Thompson

REGISTERED OFFICE
148 Katherine Street, Sandton, South Africa
(PO Box 787416, Sandton, 2146, South Africa)

TRANSFER SECRETARIES SOUTH AFRICA
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank
Private Bag X9000, Saxonwold, 2132

TRANSFER SECRETARIES ZIMBABWE
Corpserv (Pvt) Ltd
2nd Floor, 2B Centre, corner 1st Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
(PO Box 2208, Harare, Zimbabwe)

COMPANY SECRETARY
K Holtzhausen
148 Katherine Street, Sandton, South Africa
(PO Box 787416, Sandton, 2146, South Africa)

SPONSOR
Merrill Lynch South Africa (Pty) Ltd
The Place, 1 Sandton Drive, Sandton, South Africa
(PO Box 651987, Benmore, 2010, South Africa)
This report, including statements on the demand outlook, PPC’s expansion projects and its capital resources and expenditure, contains certain forward looking views that are not historical facts and relate to other information which is based on forecasts of future results and estimates of amounts not yet determinable. By their nature, forward looking statements involve uncertainties and the risk that these forward looking statements will not be achieved. Although PPC believes the expectations reflected in these statements are reasonable, no assurance can be given that these expectations will prove correct. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, outcomes could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment, other government action and business and operational risks.

Forward looking statements apply only as at the date on which they are made. PPC does not undertake to update or revise them, whether arising from new information, future events or otherwise. While PPC takes reasonable care to ensure the accuracy of information presented, it accepts no responsibility for any damages – be they consequential, indirect, special or incidental, whether foreseeable or unforeseeable – based on claims arising out of misrepresentation or negligence in connection with a forward looking statement. This report is not intended to contain any profit forecasts or profit estimates.